

Khorramshahr port is captured by Iraq

The Iranians have lost the port at Khorramshahr and Iraqi tanks have taken up positions along the waterfront. But in the suburbs to the east of the city Iraqi troops met resistance from revolutionary guards. Tehran airport was hit by a low-level airstrike, coming in under the radar screen, and Ahvaz was shelled by Iraqi artillery.

Tehran airport hit by low-level strike

From Robert Fisk
Basra, Oct 6

Khorramshahr port is now wholly in Iraqi hands but the city centre and industrial suburbs to the east are still contested by Iraqi troops and Iranian revolutionary guards. The harbour is still in fairly good condition and Iraqi tanks are in position along the waterfront. The fighting of the last two weeks has, however, left its scars inside Khorramshahr. Port where burnt out buildings and damaged ships are still the targets of occasional sniper fire. One Italian vessel caught fire during shelling. One of the crew described how he and his men had quenched the first fire but had been forced to abandon ship when it was hit a second time. They ran to a Korean vessel but its crew refused to allow them on board. They were eventually given sanctuary on a deck ship as the Iraqis and Iranian forces fired at each other from the quays. Iranian shells were still dropping near the Khorramshahr refineries this afternoon when Iraqi T-54 tanks were driving down the main streets. A few hours earlier Baghdad had announced prematurely as usual - that Khorramshahr had been captured in its entirety by the Iraqis.

Small pockets of resistance

The fall of the city has begun to assume enormous symbolic importance to the Iraqis, out of all proportion to its strategic value, which is why their troops are now pressing toward the harbour. Food for civilians: Although Iraqis claimed last week that its forces had accomplished their main objectives, the seizure of Khorramshahr, Abadan near by and Ahvaz, the provincial capital, are regarded as essential for a clear military victory over Iran. Tewfik Mishawi writes from Beirut. In Khorramshahr today, despite "small pockets of resistance", Iraqi officers allowed Arab and foreign journalists to enter the port area and take photographs of the badly damaged ships while Iraqi soldiers supplied food and water to the remaining population. The Iraqis, in today's communiqués, refused to admit the Iraqi entry into the city. They also said Iraqi advances had been halted in the border area of Mehran and Qasr-e-Shirin, both of which the Iraqis claimed to have captured during the first few days of the war. Mr. Modar Badran, the Jordanian Prime Minister, today

ordered the requisition of all public transport vehicles and people who fail to comply will be prosecuted, the order said. Reports from Amman said it was intended to use Jordanian public transport for carrying civilian and military supplies, which Iraq will be importing in increasing quantities through the port of Aqaba. Already there are reports that Soviet ships have unloaded military supplies for Iraq at the Jordanian port. Air strike kills three: A low level attack by Iraqi aircraft today hit Tehran's Mehrabad airport and industrial district for several miles around it in a dramatic new offensive. At least three people were killed and 65 injured, according to first reports on state radio.

Aircraft undetected by radar

The radio gave few details of damage to installations but well-informed sources reported heavy damage to a military aircraft repair and service area at the airport and a small petrochemical plant near by. They said about 40 people were injured, the complex along with the airport. The aircraft came in low in their heaviest strike on the Iranian capital since the war started, in order to avoid detection by an extensive radar net. Local people reported seeing some of the jets at rooftop level and two were said to be shot down.

It was the second time in as many days that Iraqi aircraft struck at the capital without being detected by radar. Anti-aircraft batteries ringing the city appeared to have gone into action only after the first attack and the air-raid alert came minutes later. Reuters. Ahvaz bombarded: At least 14 people were killed and 39 wounded today when Iraqi artillery shelled the town of Ahvaz in Khuzestan province. Pars news agency reported in Tehran today. Two mosques and several houses in the town were hit.

According to the agency, seven enemy planes were brought down in different parts of the country: One in Khorramshahr, three near the Gulf port of Bushehr, two in Ilam province and one at sea. An air raid on Khorramshahr badly damaged the city hospital, Pars said. About half of the Middle East's biggest oil refinery at Abadan has been destroyed by Iraqi bombardment. Dr. Mostafa Chamran, head of Iranian forces in Khuzestan province, said in Ahvaz. The refinery would be out of operation for months, he said. - Agence France-Press and Reuters.

Photograph and Basra air raids, page 6

Wholesale price inflation falling

By David Blake
Economics Editor

Wholesale prices rose by only 0.4 per cent in September, confirming the sharp impact which the recession is having on the prices which companies charge for raw goods. At the same time, the continuing strength of sterling has moderated the increased prices which manufacturers pay for their raw materials, pointing to a further easing of inflationary pressures. But sharp increases in nationalized industry prices over the next few months are likely to prevent the recent slowdown in wholesale prices being fully reflected in a slowdown in the rate of increase in the Retail Price Index, the most politically sensitive indicator of inflation.

The wholesale prices index, which measures prices at the factory gate, rose at an annual rate of 10.8 per cent over the six months to September, according to Department of Industry figures published yesterday. The increase in September, 1979, was 14.8 per cent. September saw the first consecutive fall in the annual rate of wholesale price inflation, taking it down to the lowest level seen since September, 1979. The main cause of the sharp drop in the wholesale inflation rate has been a combination of recession and high values for sterling, but there were some special factors at work in September. Petrol prices fell in response to the sharp drop in the wholesale inflation rate. The September figure also looks artificially low because the figure for August has been revised upwards to take account of higher prices for Saudi Arabian oil which were backdated to August 1.

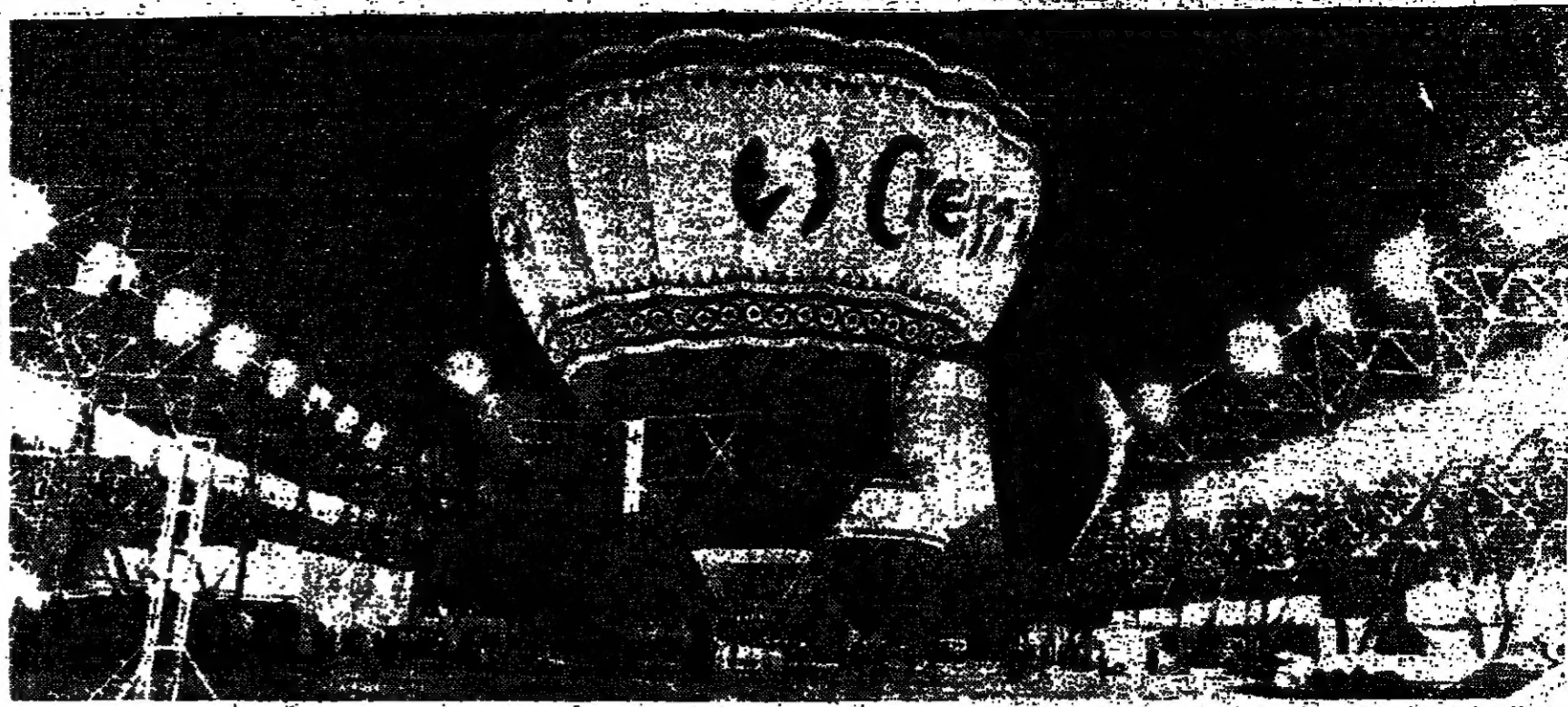
Other more fundamental reasons were at work in September as in most of the summer months. Recession has forced a number of industries to cut prices in a desperate effort to run down stocks. Steel prices charged by the British Steel Corporation were down by 20 per cent in August, but much of the effect was not felt until September.

The impact of recession has Continued on page 15, col 2

£100m EEC aid to uplift Belfast

The EEC announced last night it had earmarked £100m for development in Belfast. Mr. Richard Burke, the commissioner, told city councillors that the money was available over the next four or five years to improve housing and run-down areas, transport, and industry. The cash, the biggest Community payment for Northern Ireland, will be over and above what Britain plans to spend in the province.

Mr. Burke said he hoped the aid would not be channelled to the British Treasury and that Westminster would double the amount. "The will now exists in the EEC to help Belfast in a substantial and exceptional way", Mr. Burke said. The Government has drafted a £350m integrated plan for development in the inner Belfast area, but has yet to make a formal proposal for European aid. Alderman John Carson, Lord Mayor of Belfast, said: "It is important that this money goes direct to Belfast. It is also important that pressure is applied on Westminster so that we can get it as quickly as possible."



A Hull to Munich record will be attempted next month by this massive hot-air balloon on show at RAF Cardington.

Polish party purges its ranks of Giermek men

Warsaw, Oct 6. Poland's Communist leaders launched a massive purge of their own ranks today in an attempt to restore the party's image after this summer's strikes and political upheaval. Promising what amounted to a war on corruption and a political revival, the party's Central Committee resolved at the end of a stormy two-day meeting to go as far as calling Mr. Edward Giermek, the former party leader, to account for the nation's deep-rooted social and economic crisis.

The Central Committee which sat overnight in a 21-hour session, dismissed eight of its full members and two provincial party first secretaries, men closely associated with the 10-year rule of Mr. Giermek which ended one month ago in the face of the labour revolt. One member of the ruling Politburo also resigned for "ill health". But the rest of the party leadership headed by Mr. Stanislaw Kania, the First Secretary, remained intact, leaving a struggle between reformers and hardliners still unresolved.

The Central Committee pledged to honour Government agreements with the strikers, who set up the Soviet block's first independent trade union movement. It promised more democracy and self-government for workers. It was evident from the resolutions adopted by the Central Committee that the reformers, who favour the independent unions, held their own by exploiting an all-out attack on party hypocrisy, corruption and inefficiency.

Mr. Jozef Kijas, the new Central Committee's head of the mass media, said a press conference later today that the purge would continue and that more changes in the Politburo could be expected. - Reuters.

China blames Russia for deaths in border clash

From David Bonavia
Peking, Oct 6

China today blamed the Soviet Union for an incident earlier this month on their common border in which a Chinese peasant and a Soviet soldier were killed—the first such exchange of fire officially reported since 1969. Four armed Soviet soldiers were said to have used a motor boat to cross a border river into China's Inner Mongolian autonomous region, and tried to kidnap a herdsman, shooting him when he resisted. Chinese frontier guards, the Foreign Ministry said, hurried to the scene and shot one of the Russians dead, whereupon the others fled back across the river into Soviet territory.

Although there have been violent incidents on the border since the Battle of Damansky (Zhenbao) Island in 1969 and the subsequent skirmishes in Central Asia, observers hesitate to ascribe special significance to the incident itself, but feel that the publication of a Foreign Ministry protest may indicate a new deterioration in Sino-Soviet relations, already greatly strained by conflicting interests in Kampuchea and Afghanistan. Protest note: The Chinese Foreign Ministry has sent a protest note to Mr. G. V. Kiryev, the Soviet Charge d'Affaires in Peking over the incident. - Agence France-Press.

Tory chief stands by wages restraint

From Fred Emery
Political Editor
Brighton

A further powerful indicator that the Government intends to hold down pay increases for Civil Service and local government workers as a way of further curbing public expenditure was given last night by Lord Thorneycroft, chairman of the Conservative Party. Speaking to reporters on the eve of the party conference in Brighton, he predicted that the main criticism the conference representatives would make of the Government was that it was doing nothing to restrict trade unions.

Several of the announced resolutions have had amendments tabled, including one calling for an increase in taxation. Dame Ann Springman, the conference chairman, said she might call "one of two". Asked whether "the conference representatives, after the fashion of Labour delegates, could be expected to try to gain some control over the way a Conservative Government implemented policy, Sir Charles Johnson, chairman of the national union executive committee, answered: "There is no likelihood at all."

Individual settlements could vary, but by heaven the total ought to be low," he added. "Lord Thorneycroft, who will address the conference today, repeated his point that Labour's travail at Blackpool last week was not a sufficiently solid foundation on which to build the future of the Conservative Party."

He added that the "loss of an opposition" was bad for the country; he was sorry to see it collapsing into "a series of rent-a-mobs" such as he suggested might be seen in Brighton during the 1980s. He said the Government would not say we cannot do this because it is a Union. I am sure they will not."

Conference news, page 2
Leading article, page 13

38 cases of brutality alleged at Rampton

By Lucy Hodges

Thirty-eight cases involving allegations of brutality by nurses against patients at Rampton Mental Hospital, Nottinghamshire, are in the hands of the Director of Public Prosecutions. They have been prepared by a police inquiry team set up after the showing of the Yorkshire Television programme, *The Secret Hospital*, in May last year.

The DPP's office is going to court for leave to bring charges involving longer sentences. Five of the cases alleging brutality by nurses are expected to be referred to a judge in chambers this week. Under the Mental Health Act of 1959 the DPP can bring his own charges for ill-treatment or wilful neglect without going to the High Court. Although these offences might cover a broad range of conduct, they only carry a maximum prison sentence of two years. That suggests the DPP is making the allegations very seriously.

Some of the cases referred to this office concern the same nurse. Of the 38 cases were received by the DPP last Friday and are not completely documented. The remaining 16 are complete. If the DPP does leave this week to bring the charges, he is expected to do the same with the other 14. Yorkshire Television said that it had uncovered more than 800 instances of brutality involving 146 nurses during the inquiry for its programme. The information came from former patients.

Cumbria floods

Floods up to 4ft deep affected many parts of Cumbria and the Lake District last night, making people homeless, as torrential rain continued to pour throughout the county. On the Gwynedd coast, the wind reached 74 mph.

EEC move on steel crisis

The European Commission has called on EEC member states to declare a state of "manifest crisis" in the steel industry. Such a declaration would enable emergency action to be taken, imposing compulsory production limits on manufacturers to shore up collapsing prices. Britain will support this action when EEC foreign ministers are asked for their assent tomorrow. The British Steel Corporation has long advocated such action, but West German producers are likely to oppose it. Page 15

Pay settlements fall

Mr. Steve Rankin, Midlands regional director of the Confederation of British Industry, has pointed out a strong downward trend in wage settlements throughout his area. More than 19,000 private sector workers have agreed pay rises of 10 per cent or less in the past two months. Some employers think 5 per cent would be a more realistic figure. Page 15

Mr Jackson reelected

Mr. Tom Jackson, general secretary of the Union of Communication Workers, was unanimously reelected chairman of the TUC's international committee. His reelection, our Labour Editor writes, shows that fears of a continuing left-wing purge of moderates in the TUC are groundless. Mr. Jackson's nomination was moved by Mr. Mosyn Evans, the TGWU leader. Page 2

Sa Carneiro majority

Dr. Francisco Sa Carneiro, the Portuguese Prime Minister, increased his majority in Parliament at the general election from three to 10 seats. The Socialist Communist Party lost seven seats, acquiring only 40 of the 250 seats in the Assembly. The Socialists lost one seat. Page 6

Hattie Jacques is found dead in bed

Hattie Jacques, the comedy actress who starred in more than twenty "Carry On" films, was found dead in bed by her agent, who believed that she had suffered a heart attack. She was 36. For the past 20 years she and Eric Sykes had attracted huge television audiences with their brother and sister comedies. Obituary, page 14

Mr Peter Cadbury fined

Mr. Peter Cadbury, aged 62, of Westward Television, and his wife, Mrs. Angela Jane Cadbury, aged 40, were each fined £200 at Barnstaple for wasting police time, and ordered to share equally costs of £2,000. The case concerned an anonymous allegation of local government corruption. Page 4

Callaghan decision soon

Mr. James Callaghan, Leader of the Opposition, is to tell his Shadow Cabinet colleagues next week what decision he has reached about stepping down from the leadership of the Labour Party. There is no indication whether he will retire at once or seek reelection. Page 2

Laggards' dispute: Five pickets were fined after clashes with police outside two oil refineries in south-west Wales. Independent schools: Establishments invited to join the Government's assisted places scheme include Winchester, St Paul's, and Manchester Grammar. Children at risk: Cutsback could lead to increased suffering and even deaths, the NSPCC said at the launching of a big fund-raising campaign.

Paris: Police forces questioned about neo-Nazi in French forces. Moscow: Soviet Union determined to curtail human rights argument in Madrid. Classified advertisements: Appointments, pages 19, 22; Personal, 23, 24; Sale rooms and antiques, 22.



Experts split on tax loophole

Taxation experts are divided over issues raised by the loophole in the law which allows wealthy people to avoid huge income tax payments. Changes may be delayed until after the Keith Committee, who are at present reviewing the Inland Revenue's powers, has reported, and they might not be included in the next Finance Bill. Page 15

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Letters: On Labour income for Tories, from Mr. Chris Gent, and others: council spending, from the Deputy Director-General of the CBI.
Leading articles: German election, page 11
John Russell Taylor on the work of Wyndham Lewis, at Manchester City Art Gallery, and on William Blake's designs, by Stanley Sadie on opera in San Francisco: Joan Chissell on the LPO and Peter Schickele on the Percival on London City Ballet.
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Bernard Levin salutes the brave; Mr. Tugend's plea for the dangerous decade: Fashion, by Prudence Glynn.
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Miss Hattie Jacques, Liam Fagillighi.
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Football: Andy Ritchie, of Magistrates' Union, is kept in Britain-Neckless transfer deal: Ipswich Town must play first leg of UEFA Cup tie at home.
Business News, pages 15-21
Stock markets: Hopes of improved trading figures later today scanned by conflicting interests in the Government. Broker activating the new "cap". Equities were firm on selective buying and the FT Index rose 5.1 to 484.4.
Financial editor: New Eurodollar bond, by Michael J. MLK.
Business features: Brian Capstick on the closed shop; Hugh Stephenson discusses City self-regulation.
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HOME NEWS

Vote for Mr Jackson allays fears of left-wing TUC purge

By Paul Routledge

Labour Editor

Fears of a continuing left-wing "purge" of moderates at the top level of the TUC proved groundless yesterday when Mr Tom Jackson, general secretary of the Union of Communication Workers, retained his chairmanship of the key international committee.

Mr Jackson, who asked "who next?" after his fellow moderates, Mr Frank Chapple, the electricians' leader, was removed from the TUC's "inner cabinet" and Mr Sidney Weighell, of the National Union of Railwaymen lost the chairmanship of the transport industries committee, was unanimously re-elected by his colleagues.

His nomination was moved by Mr Mostyn Evans, general secretary of the Transport and General Workers' Union, who was widely held to have been the originator of a campaign against TUC General Council moderates holding high office.

The only possible controversialist chairmanship still to be decided is that of the employment policy and

organization committee, which deals at first hand with Mr James Prior, Secretary of State for Employment, on matters of labour law and industrial practice.

The committee meets tomorrow week to choose a successor to Mr Prior, former general secretary of the TGWU, who has retired. Favourites for this important office are Mr William Keyes, general secretary of the Society of Graphical and Allied Trades, and Mr Kenneth Gill, leader of Tass, the white-collar section of the Amalgamated Union of Engineering Workers.

Mr Keyes is regarded as left of centre and the more likely to win, Mr Gill is the senior Communist on the general council. Mr Kenneth Baker, a national industrial officer of the Transport and General Workers' Union, has also been mentioned as a possible moderate contender.

The TUC economic committee is expected to confirm Mr David Bassett, general secretary of the GMWU, as its chairman at a meeting tomorrow.

Laggers dispute gets worse as 5 are fined

From Tim Jones

Cardiff

The laggers dispute at two oil refineries in south-west Wales intensified yesterday when police clashed with pickets who were attempting to block the main gates of one of the sites. Five pickets were arrested as more than 200 policemen struggled to prevent 500 men from entering the site at Pembroke Dock.

Later four of the pickets were fined £50 for threatening behaviour and the fifth was fined £25 for obstruction.

Seven coaches from Glasgow, Liverpool, Manchester, and Swansea had been prevented from undertaking their traditional work on the site because of the opposition of six other unions. They include the electricians' union and the Amalgamated Union of Engineering Workers (AUEW), which face suspension from the TUC for preventing General and Municipal Workers' Union (GMWU) members from doing similar work at the strike-site of Grain complex in Kent.

Last night Mr Tai King, an

AUEW (construction section) official, defended the refusal of the unions to allow the GMWU men on the site. Mr King, secretary for the joint unions committee, said: "There is no reason for any other union on site. It is up to the laggers to join the relevant union."

But Mr Glyn Probert, the GMWU district secretary, said: "My members are getting extremely bitter and I fear this dispute can only escalate unless a solution is found."

Peace move: The TUC said last night that it was looking at a letter from Mr John Baldwin, general secretary of the AUEW construction section, asking for a meeting between all the unions involved in the Isle of Grain dispute (our Labour Staff writes).

Mr Baldwin hopes his move may avert the threatened suspension from the TUC of three unions, including his own.

Mr Baldwin's union has made clear that it will not countenance the removal from the site of the 57 substitute laggers until they have finished with the unit they are lagging. But the union is understood to believe that room for a settlement may still be found in its willingness to allow GMWU laggers to be restored to the site to work on the next unit.

Prison action disrupts contract jobs

By Nicholas Timmins

The first day of industrial action by prison officers in England and Wales yesterday over their demand for arbitration in a pay dispute led to appreciable disruption in prisons and a 15-minute sit-down protest by 100 prisoners at Stafford.

Prison laundries stopped taking contract cleaning for the Ministry of Defence and some hospitals, some private contractors arrived late for court, and outside building contractors were refused admission to at least sixteen prisons, the Home Office said. Building work stopped completely at Bristol, South London, Northgate, in Beakhill, Sussex, and in Dover and Albany.

The Prison Officers' Association, with 20,000 members claimed full support for the action, the first stop in a protest that may widen if the Home Office refuses to put a dispute over anomalies in pay for meal breaks to arbitration.

Mr David Evans, the assistant general secretary of the association, said prison officers were refusing outside laundry contracts, refusing to supervise outside contractors' work, and only drawing keys at the start of shifts.

Women warned on contraceptive

The makers of the Dalkon shield intrauterine contraceptive yesterday advised women to stop using it even if they have no adverse symptoms.

In a letter to Britain's 77,000 doctors, the A. H. Robbins company, of Horsham, West Sussex, said long-term use of the shield might carry increased risk of pelvic infection.



Suspended QC: Mr William Rees-Davies, QC, Conservative MP for Thanet, West.

who has been suspended from practising at the Bar for six months because of professional misconduct. The suspension takes effect from October 2 and he is not appealing against the findings and sentence (our Legal Correspondent writes). A disciplinary tribunal of the Senate of the Inns of Court and the Bar, the barristers' governing body, found two charges against him proved. Both related to a case at the Central Criminal Court in June last year in which Mr Rees-Davies appeared for the defence. The first charge stated that he had made a statement to Judge Neil McKinnon, which was untrue, in that he said he had made arrangements with everyone in the case which would allow him to be absent for part of a day if he obtained the judge's leave. The other charge was that Mr Rees-Davies absented himself from the hearing without the consent of his client.

Diary, page 12

Winchester asked to give assisted places

By Diana Geddes

Education Correspondent

Winchester, St Paul's (girls and boys) and Manchester Grammar are among the top independent schools that have been invited by the Government to join its assisted places scheme despite, in some cases, some high fees. Other well known names like Eton and Harrow have not been included.

Fees for a day pupil at Winchester considered to be the country's top academic boarding school, are £2,745 a year.

Under the scheme a family with two children and a gross income of £5,200 will have all their child's tuition fees paid, regardless of how much a particular school charges. Parents with two children and a gross income of £11,600 would have to pay £1,500 toward their fees, but that would still mean that they would get £1,245 a year from the Government if their son was accepted for an assisted place at Winchester.

The Government released yesterday the names of 218 independent schools in England that have been invited to join the assisted places scheme: 291 applied to join. The number of places to be offered by each school has yet to be agreed. The scheme is due to begin next September, when 5,500 places will be offered.

State-owned company accused of being 'very silly' over coach station ban in two cities

By Michael Bailey

Transport Correspondent

The new Transport Act took to the roads yesterday with people flocking to travel on cut-price coaches and scores of additional operators preparing to enter the fray.

The Act includes provisions making car sharing legal and allows private, cut rate, long-distance coaches to compete with state services.

But in at least two places the new era of free competition suffered setbacks when the state-owned National Bus company banned the free enterprise British Coachways from their

bus stations in Exeter and Sheffield, though the national lines' constituent companies concerned had been using them for years.

At Exeter travellers joined the British Coachways bus on the road immediately outside the bus station; but at Sheffield the company had to call the police to authorize a pick-up point 100 yards away. A coachways manager stood outside the bus station directing prospective passengers along the pavement.

"The police were wonderfully cooperative", the company said, "but we think it is very sad. We also think National Bus

are being silly, because we are bringing more passengers on to the buses, and they will gain in the long run."

National Bus said: "We have let it be known that we would not expect competitors to use facilities we lease, organize and run. If it were a sweetshop we would not be expected to welcome people in to sell rival lines."

Most of the new services, however, inter-city or London commuter, were at least half full and some were fully booked. The two main competitors professed themselves well satisfied with the initial reaction.

"A very impressive response," was how British Coachways described it, with full or nearly full coaches between London, Manchester and Glasgow, and coaches more than half full on most other routes.

We are very pleased and are talking to a number of other operators with a view to extending the network."

The next step is likely to be feeder routes into the main centres rather than more inter-city routes.

National Bus also were "quite pleased with business", with more passengers than usual on a Monday attracted by the new half-price fares to match those of British Coachways. Several

hundred commuters used new services into London from the Medway towns and from Reading, Aldershot, and Newbury area.

British Rail said its services operated "splendidly" despite the new competition.

In London, Mr Norman Fowler, the Minister for Transport, was at British Coachways' St Pancras coach station, London, to witness the inception. "What the public want is a fast, cheap network of reliable coach services," he said. "It is the first for half a century, and coach services have responded very rapidly to the challenge."

Abolition of Lords 'the classic route to tyranny'

By Our Political Correspondent

Abolition of the Second Chamber at Westminster, as proposed by Mr Wedgwood Benn and the Labour Party, would open the way to a government, perhaps elected on a minority vote at a general election, extending its life indefinitely, a group of Conservative peers stated yesterday.

"This is the classic route to tyranny", the four peers, Lord Drumalbyn, Lord Eccles, Lord Boyd-Carpenter and Lord Lauderdale, say in a pamphlet.

Today the Conservative Party conference will debate a motion calling attention to the Labour commitment to abolish the Lords "and thus pave the way for the creation of a Marxist state", and urging the Government to strengthen the composition and powers of the Upper Chamber.

The Conservative peers make no recommendations on the reform of the composition of the Upper House, which has been the subject of inconclusive debate since Daniel O'Connell proposed an elected chamber of 120 peers in the nineteenth century.

They are content to make the case for a Second Chamber as a check on the Executive and the Lower House.

"The Labour Party has announced that it plans wholesale nationalisation, compulsory taxation, and the curtailment of our defences", the peers state.

"But it would be difficult to carry all this through in such a way as to make it permanent within the life-time of a five-year parliament, particularly if there was an upper chamber which did its duty of making them reconsider some parts of their legislation, and which refused to allow drastic legislation to be steam-rolled through."

At present the right of the people to be consulted after, at most, five years is protected, they say, because that period cannot be extended without the agreement of the Upper House.

The peers emphasized the Upper Chamber's revising role. In the past 10 years, they said, 20 Bills have been quilled in the Commons and the only opportunity of revising them has come in the Lords.

The need to retain a Second Chamber, Association of Independent Unionists, House of Lords, 25p.



Lord Thorneycroft and Miss Shirley Oxenbury, his secretary, bracing themselves on Brighton's blustery seafront yesterday for today's opening of the Conservative Party conference.

Union's one-hour 'political' strike

By Our Labour Editor

The Transport and General Workers' Union has called a Polish-style one-hour political strike on hundreds of construction sites to coincide with Mrs Margaret Thatcher's keynote speech to the Tory Party conference on Friday.

Building and general workers belonging to the union are also calling on the TUC General Council to mount a national campaign to bring down the Government.

Several hundred construction men are expected to swell the ranks of a left-wing-inspired lobby of the Brighton Centre, where the Conservative conference is taking place, on Friday morning. They will join miners, train drivers and Trotskyist right-to-work marchers.

Mr George Henderson, national construction secretary of the TGWU, conceded yesterday that the one-hour stoppage, timed in most places to start at 11.30 am would be construed as political. "But this is political unemployment we are faced with," he said.

If the "legal eagles" wanted to take out civil actions against

the union "they can go ahead and do what they want to do". The decision to call a one-hour stoppage was taken unanimously by lay delegates of the union's building, construction, civil engineering and building crafts groups.

It was confidently predicted that work would halt at the giant Sullom Voe oil terminal, where the union represents not only construction men but also air traffic controllers, dockers, firemen and catering staff.

Construction site stewards are anxious about the risk of "cutting off their nose to spite their face" by striking against unemployment. Mr Henderson said, "We do not want to put ourselves out of a job, and I think that is why they were probably taking a leaf out of the Tories' book."

Unemployed young people taking part in the right-to-work march, from South Wales which is to end with a rally outside the Conservative Party conference in Brighton on Friday, were told yesterday that the purpose of the march was to smash the Government (our Bradley writes).

Mr Richard Ditchley, one of the marchers, was greeted with loud cheers and foot-stamping when he told a meeting in London of about 150 of the marchers: "We are not going to the Tory conference to picket it. We are going down there to smash them."

The meeting was also addressed by Mr Frank Dobson, Labour MP for Camden, Holborn and St Pancras, South. He told those on the march, which is organized by the Socialist Workers' Party, that his support for them and his presence at the meeting "will not be popular with my colleagues in the Parliamentary Labour Party, but I do not care."

Earlier the marchers, who started from Port Talbot in South Wales, on September 23, demonstrated at the Thorn Brimar cathode ray tube factory in Enfield, Middlesex, where the workers are threatened with redundancy.

One of the stewards on the march said that as a result of their activities there had been hardly any production at the factory yesterday.

Tory agents are given pay warning

From Michael Hatfield

Brighton

Conservative agents were given a clear indication by Lord Thorneycroft, the party chairman, yesterday that they would not get any more than a single-figure percentage wage increase last year.

Last year the 400 agents received increases averaging 13 per cent, but which Lord Thorneycroft met them privately yesterday on the eve of the annual conference in Brighton he told them that the latest annual account showed the party to be £600,000 in deficit.

Privately party officials believed an increase above a single figure could be damaging to the Government when it is trying to persuade the trade unions to accept low increases.

However, an agreement that will double agents' pensions between now and 1988, when the state pension scheme comes into full force, has been reached.

Mr Callaghan to announce leadership decision soon

By Fred Emery

Political Editor

Mr James Callaghan, Leader of the Opposition, has reached his decision on stepping down from the leadership of the Labour Party and will convey it to his Shadow Cabinet colleagues at their regular meeting on October 15.

However, no immediate indication is given whether Mr Callaghan will retire immediately or seek reelection by the Parliamentary Labour Party in order to stay on until the next general election.

Left-wingers and some union leaders want Mr Callaghan to remain partly as a "stop Healey" move. Disillusioned moderates, however, expressed anger that he had appeared to give up without a fight on behalf of the PLP.

It is that disillusionment that is now provoking a breakaway. The so-called gang of three, Mrs Shirley Williams, Mr William Rodgers, MP, and Dr David Owen, MP, have plainly given up on Mr Callaghan. And if Mr Healey will not fight on behalf of his party's MPs against an electoral college system, they may well put up their own candidate in the PLP election, with Mr Rodgers as the most likely.

However, the surprisingly conciliatory undertaking given by Mr Callaghan to the conference about the PLP doing nothing to challenge the party decision on changing the election methods led others to believe that Mr Callaghan would stay on until the special conference.

A further factor in Mr Callaghan's decision is that his wife Audrey has wanted him to retire ever since he lost the election last year.

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Union threatens to widen docks stoppage

By David Felton

Labour Reporter

Union officials last night threatened to intensify a dispute over reallocation of seven docks which closed Grimsby and Immingham docks when 950 men stopped work.

Local officials of the Transport and General Workers' Union (TGWU) were seeking official backing from their union for the strike. Mass meetings this morning at other dock ports will decide whether to join the strike.

Mr John Roberts, a union district officer, called on the union nationally to sanction a strike throughout the country.

In support of the seven men, whose case mirrors last month's Liverpool dispute, which nearly led to a national dock strike.

The men were reallocated to the Grimsby Landing Company, which under the seven men, whose case mirrors last month's Liverpool dispute, which nearly led to a national dock strike.

Two hundred fish porters went on strike and more than 600 dockers walked out in sympathy.

Last night the ports were closed, with no traffic crossing picket lines at the gates, although trawlers were being unloaded by owners and fishermen, and the fish was being put into cold storage.

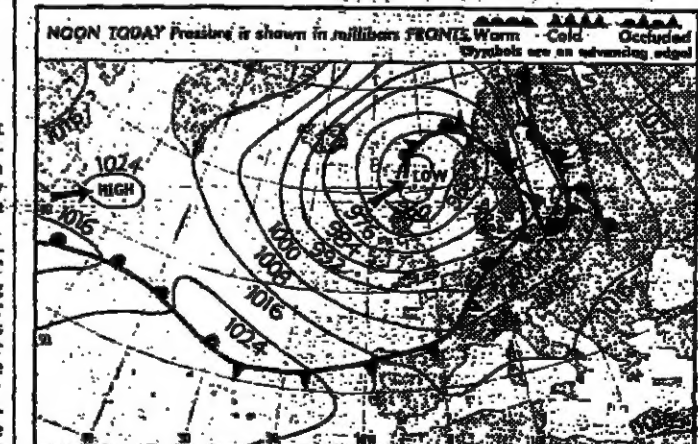
A mass meeting of the Grimsby and Immingham men is to be held this morning to discuss further action.

Dublin controls petrol sales

Ration books were being issued to 42,000 key workers in the Irish Republic yesterday as the nation's petrol supply came under threat.

Mr Charles Haughey, the Prime Minister, called in senior Cabinet colleagues to discuss the deteriorating position after oil tanker drivers threatened a formula to end their strike.

Weather forecast and recordings



Today
Sun rises: 7.11 am
Moon rises: 5.8 am
Moon sets: 6.14 pm
Lowest: 6.55 pm to 6.43 am
High water: London Bridge 1.33 am, 7.01 am, 1.57 pm, 7.01 am
Low water: 7.21 am, 12.41 am, 1.21 pm, 11.35 pm, 6.21 am, 6.51 am
6.21 am, 6.51 am, 11.35 pm, 6.21 am, 6.51 am
11.35 pm, 6.21 am, 6.51 am, 11.35 pm, 6.21 am, 6.51 am
11.35 pm, 6.21 am, 6.51 am, 11.35 pm, 6.21 am, 6.51 am

Tomorrow
Sun rises: 7.11 am
Moon rises: 5.8 am
Moon sets: 6.14 pm
Lowest: 6.55 pm to 6.43 am
High water: London Bridge 1.33 am, 7.01 am, 1.57 pm, 7.01 am
Low water: 7.21 am, 12.41 am, 1.21 pm, 11.35 pm, 6.21 am, 6.51 am
6.21 am, 6.51 am, 11.35 pm, 6.21 am, 6.51 am
11.35 pm, 6.21 am, 6.51 am, 11.35 pm, 6.21 am, 6.51 am

Wednesday
Sun rises: 7.11 am
Moon rises: 5.8 am
Moon sets: 6.14 pm
Lowest: 6.55 pm to 6.43 am
High water: London Bridge 1.33 am, 7.01 am, 1.57 pm, 7.01 am
Low water: 7.21 am, 12.41 am, 1.21 pm, 11.35 pm, 6.21 am, 6.51 am
6.21 am, 6.51 am, 11.35 pm, 6.21 am, 6.51 am
11.35 pm, 6.21 am, 6.51 am, 11.35 pm, 6.21 am, 6.51 am

Thursday
Sun rises: 7.11 am
Moon rises: 5.8 am
Moon sets: 6.14 pm
Lowest: 6.55 pm to 6.43 am
High water: London Bridge 1.33 am, 7.01 am, 1.57 pm, 7.01 am
Low water: 7.21 am, 12.41 am, 1.21 pm, 11.35 pm, 6.21 am, 6.51 am
6.21 am, 6.51 am, 11.35 pm, 6.21 am, 6.51 am
11.35 pm, 6.21 am, 6.51 am, 11.35 pm, 6.21 am, 6.51 am

Friday
Sun rises: 7.11 am
Moon rises: 5.8 am
Moon sets: 6.14 pm
Lowest: 6.55 pm to 6.43 am
High water: London Bridge 1.33 am, 7.01 am, 1.57 pm, 7.01 am
Low water: 7.21 am, 12.41 am, 1.21 pm, 11.35 pm, 6.21 am, 6.51 am
6.21 am, 6.51 am, 11.35 pm, 6.21 am, 6.51 am
11.35 pm, 6.21 am, 6.51 am, 11.35 pm, 6.21 am, 6.51 am

Satellite
Sun rises: 7.11 am
Moon rises: 5.8 am
Moon sets: 6.14 pm
Lowest: 6.55 pm to 6.43 am
High water: London Bridge 1.33 am, 7.01 am, 1.57 pm, 7.01 am
Low water: 7.21 am, 12.41 am, 1.21 pm, 11.35 pm, 6.21 am, 6.51 am
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Overseas
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6.21 am, 6.51 am, 11.35 pm, 6.21 am, 6.51 am
11.35 pm, 6.21 am, 6.51 am, 11.35 pm, 6.21 am, 6.51 am

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But we believe that the time's come to stick ours out a bit, at least as far as smaller businesses are concerned.

We share the Government's view that a lot of thriving small businesses can do much for the country's growth and help reduce unemployment.

So we're using phrases not often found on bankers' lips, like "easy repayment terms" and "low security requirements."

Our Business Start Loan provides start-up capital for new projects: £5,000 to £50,000, for five years.

One of the most attractive features is that you don't pay interest in the traditional way, on the amount of the loan outstanding. You pay an agreed amount of royalty linked to your sales performance.

So the amount you pay is likely to be lower to start with, when interest payments are least affordable.

You repay no capital during

the term of the loan, but you must repay it at the end. Unless we agree to convert it to a medium-term loan.

Security requirements are remarkably low. They boil down to a straightforward charge on the assets purchased. No personal security is needed at all.

Our Business Expansion Loan

is designed to finance the purchase of plant, property or any other capital assets which small or medium sized businesses might need to expand.

You can borrow from £5,000 to £500,000 for up to twenty years.

Repayments are made monthly and you can choose a fixed or variable rate of interest.

And because you may not initially make a profit from these assets,

we can, where circumstances justify, grant a capital repayment "holiday" of up to two years.

Normally, the only security we require will be the capital assets you've purchased.

When "The Times" heard about our two new loans, they were not unimpressed. "Barclays Bank," they said, "is showing some imagination."

You might say we're sticking our neck out to give you a leg up.

A word with your local Barclays manager, or this coupon, will bring you more information on our new loans.

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Company _____

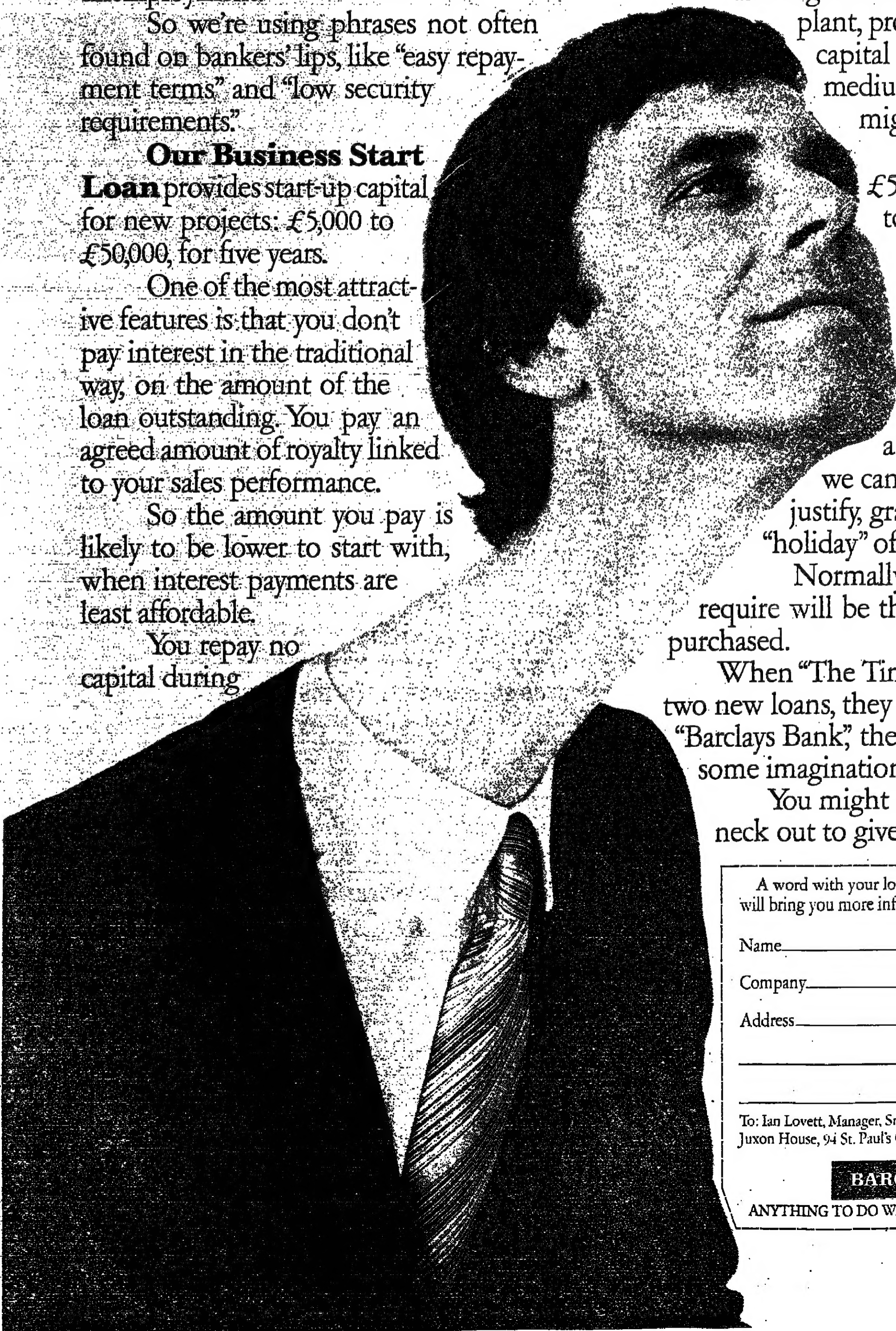
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To: Ian Lovett, Manager, Small Business Unit, Barclays Bank Limited, Juxon House, 94 St. Paul's Churchyard, London EC4M 8EH.

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HOME NEWS

Mr and Mrs Cadbury to pay £400 fines and costs of £2,000 for wasting police time

From Arthur Osman Barnstaple

Peter Cadbury, aged 62, the former chairman of Westward Television, and his wife, Mrs Angela Jane Cadbury, aged 40, were each fined the maximum of £200 yesterday for wasting police time. They were ordered to share equally the costs of £2,000.

Barnstaple Magistrates' Court was told that they had wasted 202 hours, 10 minutes of police time at a cost of £936.36.

Mr and Mrs Cadbury, it was stated, had been receiving a rumour when she wrote an anonymous letter, which he posted, to the Lord Mayor of Plymouth, alleging corruption by two senior officers of Plymouth City Council.

Mr Michael Sherrard, QC, for the defence, told the court: "They have been in their homes about corruption in public life. These boys huzzed so loud that reason and better judgment were deflected."

"The result is this public humiliation."

Mr Michael Combe, for the prosecution, said that within the last week the Director of Public Prosecutions had charged the couple for £1,000 from Mr Cadbury's lawyers to compensate the police.

Both defendants, of Lynton House, Yealampton, Devon, pleaded guilty to a summons which alleged that in September, 1979, they "caused wasteful employment of police time". They did so by making to Mr Graham Jinks, then Lord Mayor of Plymouth, a false report tending to show that Mr Andrew Forbes Watson, the council's chief executive, and Mr Graham Jones, the city's estates supervisor, had been committing offences of corruption.

Mr Sherrard tendered "sincere and unqualified apologies to those concerned in the allegations, which should never have been made".



Mr Cadbury leaving the court with his wife. He said: "We are delighted this is all over."

He said: "We are happy to accept that such allegations have been thoroughly investigated by police and shown to be without any foundation whatsoever."

On behalf of Mr Watson and Mr Jones it was said that they had accepted the unreserved apology and the complete withdrawal of defamatory allegations. Mr Cadbury had undertaken to pay the costs and agreed damages plus indemnity costs.

Mr Sherrard described Mr Cadbury as "a likable, extrovert showman".

In private talks with Mr Jinks in the Lord Mayor's parlour there had been discussion about alleged extensive corruption in the affairs of Plymouth City Council, he said. Mr Jinks led them to believe that if the authority had some in-

formation to go on, even anonymous, it would justify an inquiry. Mr Cadbury and his wife thought they were being invited to give impetus to such an inquiry.

Mr Combe said the anonymous letter alleged that a number of workers at city hall had been concerned about the conduct of the chief executive. It asked for action "about the bribery and corruption that is going on".

The final straw, it was said, was the new theatre in the city, but before that a lot of things had been going on with "hand-backs a matter of course".

The letter concluded: "Obviously we cannot sign our names" and was signed "Young Man". Six of your local civic workers."

Later Mr Cadbury's only comment was: "My private life and the running of a television station has nothing to do with each other."

Asked if he was concerned about the result affecting the Independent Broadcasting Authority decision on the new franchise, he said: "We will see the franchise. Since July he has been involved in a dispute over the chairmanship of Westward Television."

The IBA said last night it had no comment to make on the case. It is considering whether Mr Cadbury should run Westward for the remaining 15 months of its franchise.

Children 'at risk' unless NSPCC gets more cash

By David Nicholson-Lord

The National Society for the Prevention of Cruelty to Children yesterday launched a big fund-raising campaign to counter what it described as the greatest economic challenge in its 97-year history.

Dr Alan Gilmore, the society's director, said that it was compelled to reduce its services "many children will suffer unnecessarily and some will almost certainly die".

Without extra funds from voluntary sources, which make up the bulk of its income, the society predicts a deficit next year of at least £1m on expenditure of more than £7m. The result would be unthinkable cuts, Dr Gilmore said.

"It would be impossible for us to provide a 24-hour service across the country and to do the preventive work we are anxious to develop in building up the quality of family life."

Voluntary donations including the efforts of about 5,000 district fund-raising committees, have increased by 20 per cent this year, but expenditure has risen by 42 per cent. That is put down to the impact of inflation and value-added tax on a labour-intensive organization.

The society has increased its Inspectorate, which accounts for three fifths of the cost of its children's services, by 10 per cent over the year, but it remains below establishment.

Local authorities cuts have imposed greater burdens on the Inspectorate, and at the same time there has been an increase in child abuse, caused, the society thinks, by growing unemployment, marital breakdown and alcoholism.

The society is also keen to maintain initiatives such as its "parentcraft" centres at Farnborough, Hampshire, and its special units, which have reduced the recurrence of injuries to children from 60 to 20 per cent.

The society, which last year dealt with 33,000 children, receives about 15 per cent of its income from central government and councils. Dr Gilmore said that many people regarded it as a well-established body that would "roll on whatever happens".

But he added: "If we do not get their support we shall not be in a position to roll on."

Terrorism on Continent causes community concern

Jews alerted to risk of attacks from right-wing extremists

By Clifford Longley and Craig Semon

Leaders of the Jewish community believe there is no need for alarm in Britain over terrorist attacks on Jewish targets on the Continent, but in some quarters there is concern that the climate could change in this country and that extreme right-wing groups could become involved in increased antisemitic propaganda and violence.

Dr Jacob Gewirtz, director of the defence department of the Board of Deputies of British Jews, said yesterday: "The message to the Jewish community is to be alert to the danger, to be vigilant without being vigilante."

Evidence he has collected suggests that if anything this year there has been an increase in antisemitic activity by the extreme right, usually manifested through Nazi graffiti daubed on the walls of synagogues, desecration of Jewish cemeteries and, in one case, arson at a London synagogue.

While Jewish agricultural leaders do not see any reason why antisemitism in this country should follow the pattern in France, emphasizing that they are two different societies with different histories of Jewish gentile relations, Dr Gewirtz believes that one day there will be a right-wing terrorist attack against a Jewish target in Britain and that there

are extremists who will be prepared to do it. Some Jewish leaders believe antisemitism in Britain will appear, not as an isolated phenomenon, but as part of extreme right-wing activity against any conspicuously different section of society.

They regard West Indian and Asian immigrant communities as more exposed than the Jewish community, and right-wing groups, such as the National Front, have concentrated on such ethnic minorities.

Undoubtedly, though, there is concern that such extremist groups have espoused antisemitism as part of their general posture and would bring it to the fore if they saw political advantage of doing so.

Whether that movement has started is a matter for disagreement among Jewish community leaders.

Dr Gewirtz fears that the National Front, which enjoyed a brief period of electoral success in its 1978 election, considered itself Britain's fourth largest party, might now look for a position within other right-wing groups such as the British Movement.

He considers the British Movement "a nakedly racist and openly Nazi make-up and philosophy, and poses a greater threat than the National Front, which has recently been divided by intergroup squabbles."

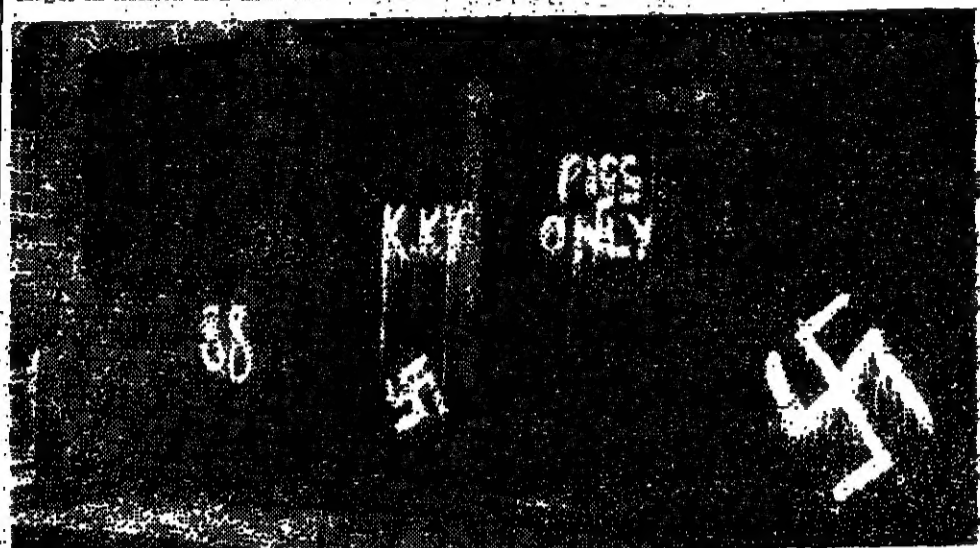
Dr Gewirtz said: "The British Movement has been growing since the demise of the National Front. We are that the National Front is missing in political strength. It is very worrying because British Movement represents a different kind of threat."

There have been by these groups to cause bring in the British Movement, which always considers the National Front as too inept to talk about antisemitism among the British public though the climate was more ripe for it before attacks on Zionism from the extreme right, the extreme left.

He is also concerned Britain's current economic decline and the widely held view that there is a direct correlation between economic and political extremism.

Dr Gewirtz doubts that platform of the extreme right-wing groups because the climate has not changed enough to make it fruitful he believes there will be a decrease in anti-semitic propaganda.

Dr Gewirtz said it was that National Front and National Front had got into the prison and there was some that the same thing might happen in the police force, as he had no evidence to suggest.



Daubs on a Wolverhampton synagogue in 1978, the type of outrage still feared.

Houses near minster 'insensitive'

By John Young Planning Reporter

Plans for a housing development on the south side of Beverley Minster, Humberside, are to be considered by the local authority planning committee today.

They have been strongly opposed by a number of amenity groups, including the Society for the Protection of Ancient Buildings and the Ancient Monuments Society, and by those who have been responsible for raising more than £575,000 for the minster's restoration.

Mr George Odey, joint secretary of the restoration appeal, described the proposed development as "a case of insensitivity hard to parallel". The Government should call in the application for a public inquiry, he said.

"Since the Georgian period, modest houses have crowded up close to three sides of the minster. But the unfortunate accident the south elevation has retained its open aspect to the present day."

"That superb view is now threatened by proposals to build a group of new houses immediately in front of and parallel to the full length of the choir and both the greater and lesser south transepts, with a municipal car park farther to the south."

The application has been made by the St Andrew Street Housing Association.

Objectors, while not opposed to the provision of such housing, claim there are equally suitable alternative sites in the town. The conservative group, Save Britain's Heritage, yesterday urged the council to postpone a decision.

GLC keeps up its campaign for new Maplin airport

By Arthur Reed Air Correspondent

Although the Government has settled on Stansted, Essex, as the site for expansion of airport facilities for London, the Greater London Council is continuing its campaign for a third airport to be at Maplin, on the Essex coast.

The council's planning and communications policy committee will consider on Thursday a report by council officers which says that there would be no difficulty in forming a group to finance and implement the project.

If the committee accepts the report the GLC is likely to act as a catalyst to establish a consortium of developers.

The GLC officers also looked at sites for passenger terminals in east London to serve the coastal airport. They suggest that the Royal Docks would be ideal.

Mr Alan Greenspan, leader of the planning and communications policy committee, said yesterday: "Maplin's advantages over Stansted become more apparent. We knew Maplin was cheaper, was the right location for London, and had immense environmental advantages."

"The only point in Stansted's favour is that it can become operational in a shorter time, but even that is evaporating because of delay in holding the Stansted inquiry."

A public inquiry into Stansted as the third airport is due next year, and the British Airports Authority, at the request of the Government, is preparing detailed plans.

Mr Llewellyn wins libel suit against 'Private Eye'

By Peter Hennessy

Mr Roderick Llewellyn yesterday accepted undisclosed damages and his legal costs in settlement of a High Court action in London against the satirical magazine, Private Eye.

Mr Llewellyn, of Waltham Grove, Hammersmith, London, had sued the publishers, Pressdram, the editor, Mr Richard Ingrams, and the printers and distributors, complaining of an article in the magazine's "Grovel" column last March.

Export clash on slave trading documents

By Michael Horsnell

Eighteenth-century documents describing the rearguard action by British traders against the abolition of slavery in the West Indies were at the centre of an export argument yesterday.

About fifty volumes of the minute books of the West India Committee, formed in the mid-1700s to protect English sugar interests, are to be sold to the West Indies University for an estimated £45,000. Heritage in Danger has demanded that an export licence be refused.

Financial difficulties have forced the owners, the West India Committee, which now concentrates on promoting trade and investment between the United Kingdom and the Caribbean, to sell the documents. They date back to 1757 and include details of the mutiny on the Bounty.

The Department of Trade has received an application for an export licence which, an official said yesterday, would be considered with the assistance of experts on historic documents.

Mr Hugh Leggett, secretary of Heritage in Danger, said: "These are documents of unique national importance. We are worried about the export of documents concerned with our history."

Colonel Max Robinson, director of the committee, said the organization had run into financial difficulties. "We are sorry to see them go, but delighted they should be sold to the West Indies University."

The precious minute books, which generally concern trading policies between Britain and the West Indies during more than 200 years, have been held in a London bank vault for many years.

The documents are: 1. Minute books of the West India Company, 1701-1757. 2. Minute books of the West India Association, 1757-1834. 3. Minute books of the West India Committee, 1834-1884. 4. Minute books of the West India Association, 1884-1904. 5. Minute books of the West India Committee, 1904-1957.

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Irish border issue unites Unionists

From Christopher Thomas Belfast

The dire conditions under which locally recruited members of the security forces live in border areas of Northern Ireland have united the two big rival Unionist parties on one vital issue, the need to seal more of the hundreds of unguarded points between the border and facilitate bi-lateral terrorist attacks.

The message was reiterated by the Rev Ian Paisley, leader of the Democratic Unionists, in talks last night with Mr Humphrey Atkins, Secretary of State for Northern Ireland.

"If the people of county Fermanagh and other border areas are not afforded security within the law", a paper presented by Mr Paisley stated, "then in defence of their right to live these people will be forced to provide for their own security."

A similar but less threatening viewpoint is expressed in a motion to be debated at the annual conference of the Official Unionists in Belfast, accusing the Government of failing to protect the lives and property of British citizens. It demands action to secure the border and calls for the "utter destruction of the IRA".

Mr DUP member said: "With a sealed border and an overwhelming security presence in evidence throughout the border areas, life for the terrorist can be made impossible."

The DUP's latest round of his political talks has met three of the four main Northern Ireland parties. He still has not invited the Official Unionists to talks.

The DUP's proposals are: 1. Cratering of cross-border roads known to be used by terrorist traffic. 2. A recruitment campaign in border areas for the part-time security forces after the effective sealing of the border. 3. Improved liaison between the police and Army. 4. Increased covered security operations so that it is impossible for IRA movement to go unnoticed.

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Slate capital draws in tourists

Regional report

Tim Jones

Blaenau Ffestiniog

If women are among the 1,000 Mayfly boats to be appointed by Mr Wedgwood Benn in order to vote to destroy the Upper Chamber then they may reflect, as their exultant cries to the ground, on the following verse:

It has been said, as we all must deplore, That Granville and Pitt have made peace by the score. But now, 'tis asserted, unless I have blundered, that the Upper Chamber then they may reflect, as their exultant cries to the ground, on the following verse:

There's a man that makes me Peersness here by the hundred. This countless or lady though crowds may be present, Submits to be dressed by the hands of a peasant, And you'll see, when her grace is but once in his clutches, With how little respect he will handle a duchess.

The poem was referring not to hereditary or life peers but to the standard sizes of slate, the blue-grey gold of North Wales that transformed that mountainous land from rural slumber into an industrial

community that helped to roof the world. Blaenau Ffestiniog, stark, grand and wet, became the slate capital of the world. After Mr Wedgwood Benn's discovery of an outcrop there in 1755, in 1898 more than 16,000 men were employed in the North Wales slate industry but today, with the inevitable march of cheaper synthetic products, only 420 still work in it.

As a breed, the quarry owners were not excessively harsh by the standards of the time. Indeed, in Blaenau Ffestiniog, men's management had combined in 1848 to pioneer a local health service.

Lack of demand for slate inevitably brought decline and poverty. Now, however, tourist gold is

transforming the town as hundreds of thousands of visitors flock each year to visit the old slate workings, which have been turned into attractions.

Mr Ivor Wynne Jones, a director of the Llechwedd Slate Caverns, believes the developments have revolutionized the economy of the town.

Although Llechwedd gives full-time employment to only 20 people, and a further 40 during a long summer season from March to the end of October, its effect on the economy of the town has been startling.

The year within weeks of its opening, the new one-eight incline railway, Llechwedd was judged to be Britain's leading tourist attraction by the Guild of Travel Writers.

The incline railway takes the visitor deep inside the heart of the quarry, revealing the cavernous of not merely but of staggering size.

Whatever the political future may hold for the Peers of Westminster, it seems certain that countesses will continue to be dressed at Blaenau Ffestiniog for a long time to come.

Divorce settlement reforms proposed

By Marcel Berlins Legal Correspondent

Reforms in the law on the financial consequences of divorce, including the payment of maintenance by husbands who are having to maintain former wives who refuse to work, or who are living with wealthy men. Second wives point out that they are often forced to accept a low standard of living because of their husbands' commitment to the first wife.

The commission proposes six possible reforms. They include repealing the law obliging the court to put the parties into the financial position they would have been in had they not divorced, and basing the amount ordered to be paid by the husband on the other purely on the needs of the person in the financially weaker position.

Another option would involve a "clean break" where, once the assets have been divided, the husband or wife would be free to start a new life without further payments by either side.

The Financial Consequences of Divorce (Law Commission, Command 8041, Stationery Office, £3.70).

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Large class

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1. *Chlorophyll a* (Chl a) and *Chlorophyll b* (Chl b) are the two main photosynthetic pigments in green plants. They are responsible for capturing light energy and converting it into chemical energy through the process of photosynthesis. Chl a is the primary pigment, while Chl b acts as an accessory pigment, transferring energy to Chl a.

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VAUXHALL

[illegible]

**If it's your job to know
about cars, do you really know
enough about Vauxhall?**

OVERSEAS

Soviet Union goes on offensive in an attempt to curtail Madrid human rights discussion

From Michael Slayton

Moscow, Oct. 6

As the bargaining over the second conference in Madrid, the Russians are marshalling their evidence to try to prevent an investigation into the Soviet record on human rights at next month's European security review conference.

For Moscow, anything would be better than a repetition of the Helsinki conference in 1975. This first review of the Helsinki accords signed five years ago by every European country except Albania, together with Canada and the United States, turned into a detailed examination of Soviet violations.

The Russians were forced on to the defensive and came away smarting and humiliated. They have therefore sought to prevent a repeat of the Helsinki conference. The Soviet press has been calling for a "constructive" and "business-like" atmosphere at Madrid and the avoidance of "polemics and confrontation." What the Russians mean is that the conference should concentrate on the military situation in Europe instead of human rights.

They are lobbying hard to make "military detente" the main theme, and this would give them the chance to press their calls for an immediate halt in NATO's programme to deploy American "medium-range" missiles in western Europe.

They could also win propaganda credit for the unilateral Soviet withdrawal of troops from East Germany last year.

In addition, the Russians would avoid the "disastrous" objective of the conference to call on the Americans to accept the Soviet offer to negotiate on the NATO missile only "in conjunction" with

American forward-based systems. Moscow would then have international legitimacy for increasing the bargaining stakes.

Providence recently expressed the hope that the Madrid conference would call for a new conference on military detente and disarmament in Europe, one of the Helsinki accords' participants had insisted that participants should tackle arms limitation before human rights.

However, the Russians know that the West is unlikely to accept an agenda that cuts off discussion about human rights and the free flow of information. They have prepared their fall-back.

A foreign affairs weekly said last month that the Russians would not be the first to start the propaganda battle over the Helsinki accords. "The propaganda of human rights," it said, "is a foreign policy tool."

However, *New Times* said, "if the desire to hold the meeting in the spirit of propaganda confrontation prevails in Madrid as it did at the Helsinki meeting, the Soviet Union and its allies will have a fitting rebuttal to the attacks on them."

This rebuttal will cover the main areas where the Russians are under attack.

On dissidents, they will argue that each dissident put on trial had clearly broken the Soviet Union's published laws. These trials of human rights activists, they will say, were a necessary procedure so that the Russians could demonstrate that "guilt had been fairly established."

Care was taken to link prominent dissidents with western spies and saboteurs, and to play down purely political charges.

Over the past year the campaign against dissent, though relentless, has been gradual to avoid a damaging blaze of pub-

licity. Where this was unavoidable, as in the recent trial of religious figures—the Russians have induced pleas of guilt and responded quickly with widely trumpeted magnanimity.

On radio jamming, the Russians have explicitly linked all Western broadcasts in Russian with espionage. While still admitting that jamming has resumed, they have stepped up accusations of the West's attempts to "poison the airwaves" being against the Helsinki accords.

On the free movement of people, the Russians maintain that "almost" all those applying to emigrate have been granted visas, a claim that is hard to verify since the number of applicants is unknown.

The Russians know that in the end, they will probably be forced again to defend their human rights record at Madrid and are preparing the Soviet audience for this embarrassing outcome and the subsequent accusations which will be blamed on the West.

Agenda problems: Delegates preparing the agenda for the security conference got down to drafting today, but immediately ran into difficulties over rival wording, conference sources said in Madrid.

Officials from 35 countries have been trying for four weeks to resolve differences over the agenda for the conference due to start on November 11.

So far, no apparent progress has been made in reconciling the position of the United States and its allies, which want a simple conference to discuss human rights and Afghanistan, and the Soviet Union, which Western delegates say wants to curtail examination of these sensitive issues.—Reuter.

Chairman of S Africa Council is named

From Nicholas Ashford

Johannesburg, Oct. 6

Mr Alwyn Schlebusch, former Minister of Justice and the Interior, was today unanimously elected as South Africa's first Vice-President. The election took place during a brief specially convened session of Parliament in Cape Town today.

As Vice-President Mr Schlebusch will also become chairman of the new President's Council, membership of which was announced by Mr P. W. Botha, the Prime Minister, last week. The functions of the new 61-member council to advise the Prime Minister of future constitutional changes—were defined earlier this year by a commission headed by Mr Schlebusch.

Mr Schlebusch, a lawyer and former from the Orange Free State, first made a political reputation for himself as chairman of the Schlebusch Commission which in 1973 investigated four organizations that were known to be opposed to the Government's race policies—the Christian Institute, the University Christian Movement, the South African Institute of Race Relations and the National Union of South African Students.

Despite the hard-line image that his chairmanship has given him, Mr Schlebusch is in fact considered to be one of the most versatile members of the National Party and a staunch supporter of Mr Botha. It is generally agreed that his handling of his two portfolios—States and the Interior—has been an improvement on his predecessors.

Today's election of Mr Schlebusch, together with the recent Cabinet reshuffle and the nomination of seven MPs to the President's Council, means that a host of by-elections will have to be held in the near future. There is growing speculation that Mr Botha may take this opportunity to hold a general election.

Meanwhile in Cape Town the "New Act" committee, responsible for the city's three main black townships, has called for the suspension of the four-month long boycott of the city's bus services.

A statement issued by the committee said it was calling for a "total" boycott of the bus services in order to avoid more violence.



Hours in a lifeboat show on the face of a woman who was among the 510 to abandon the liner Prinsendam when it caught fire off Alaska.

Mrs Thatcher sees Trudeau plan

By Roy Lewis

Two Canadian Cabinet ministers put before Mrs Margaret Thatcher yesterday Mr Pierre Trudeau's plan to "paralyze" the British North America Act, the instrument of Canada's constitution. Over the weekend Mr Mark MacGuigan and Mr John Roberts placed the Canadian Government's proposals before the Queen and will see Mr James Callaghan this week.

The British Parliament will be asked to legislate for a Bill of Rights and a formula for amending the constitution within Canada once Westminster's formal jurisdiction has been terminated.

The Canadians wish this constitutional instrument to become law by July 1, 1981, the fiftieth anniversary of the Statute of Westminster which abrogated British sovereignty over the "dominions" but to which Canada made its own request for exception in respect of the Act.

Mr Trudeau's move follows his failure (and that of his predecessors) to get the agreement of all the provinces for an Ottawa-based constitution. In effect he means to override provincial disagreement by using Ottawa's long-established authority to request the British Parliament to legislate without taking account of objections by all or any of the provinces.

The Canadian Government is arguing forcefully that a new Act is absolutely essential to save the unity of Canada and the Canadian nation.

The ministers are pointing out that the proposed "British-enacted" constitution in no way changes the present balance between federal and provincial powers or significantly infringes present limits of provincial jurisdiction in such disputed matters as language and education.

None the less it certainly is meant to ensure that French Canadians feel at home in all provinces and was promised by Mr Trudeau in the referendum campaign which was

lost by the Quebec secessionists this year.

The crucial formula for amending the constitution within Canada precludes any change unless accepted by referendum and the agreement of Ontario and Quebec and two of the four maritime provinces, representing 50 per cent of voters in those regions.

The ministers are saying that the Federal Government has nationwide support even though Mr Joe Clark, the opposition leader, will oppose the plan. The British Government is likely to give its support to the proposed "British-enacted" constitution in no way changes the present balance between federal and provincial powers or significantly infringes present limits of provincial jurisdiction in such disputed matters as language and education.

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Hopes still held for missing US soldiers

From Neil Kelly

Bangkok, Oct. 6

More than five years after the end of the Vietnam War, United States authorities believe some of the 2,500 American servicemen missing in the fighting may still be alive, sources said in Bangkok tonight.

The Americans receive frequent reports of fair-haired, blue-eyed men working in Vietnam in paddy fields so they always keep the possibility in mind.

These comments were made after the return to Bangkok of two American officials after a fruitless, three-day visit to Hanoi to urge the Vietnamese to continue searching for the missing men. More than 1,600 of them disappeared in Vietnam, about 800 in Laos and fewer than 100 in Kampuchea. Most were soldiers but there were also some airmen.

Officials at the Vietnamese Office for Seeking Missing Personnel in Hanoi told the visiting Americans that the search had come almost to a halt because of American policy towards Vietnam and China, and because of China's invasion of northern Vietnam last year. Manpower engaged in the search had mostly been mobilized into the army because of the threat from China. The Vietnamese claimed, however, that the biggest impediment to the search was the Vietnamese people's perception that the United States was acting in a hostile manner towards Vietnam in collusion with China. The officials complained that the United States was playing the China card.

As a result they were now refusing to cooperate in the search. The Vietnamese officials promised, however, that the work would go on even at a slow pace, and asked for that assurance to be passed on to families of the missing men's families. But the families should not expect great progress while American policy remained as it was.

The Vietnamese rejected a request for regular meetings, but the Americans said they would not halt the search for the missing 2,500. They had pointed out that special United States teams were still looking for American servicemen missing in the Second World War and in the Korean War.

Ku-Klux-Klan leader nominated as Democrat admits he is racist

From Michael Layman

San Diego, Oct. 6

Mr. Metzger, a 42-year-old television repair man, is the director of the Ku-Klux-Klan of California, a group pledged to fight for white supremacy. He is also the Democratic candidate for the United States Congress in a rural southern California district and west of this southern Californian city.

In the June primary, by appealing to the most conservative instincts in a community dominated by farmers, and retired people, he beat the Republican incumbent and taking his frankly racist message to Washington.

Mr Metzger lives with his wife, five children, and an Australian dog in a crowded house in Fallbrook, a farming town about 60 miles northwest of San Diego. As he works from home, the house is crisscrossed with telephone wires and electronic gadgetry.

Until a few years ago he conducted his television repair business from a shop in town. He gave it up after getting into financial trouble by refusing to pay taxes for four years.

"I didn't pay because I was up with the Vietnam war," he said.

Mr Metzger is a short, stocky, and personable man. In his small office, he is surrounded by a collection of books, a typewriter, and a radio. He is a member of the Ku-Klux-Klan of California, a group pledged to fight for white supremacy. He is also the Democratic candidate for the United States Congress in a rural southern California district and west of this southern Californian city.

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"I didn't pay because I was up with the Vietnam war," he said.

of the French and Russian revolutions and the Second World War.

He still holds that view, but adds: "It is a bad mistake for any group to come to the conclusion that all the world's problems are created by the Jews."

Last week the California Attorney-General issued a statement that the Ku-Klux-Klan was gaining strength in the state and was hoarding weapons.

"We do have arms, but not to excess and we don't have any arms caches," he said. "We have no policy of violence against non-whites but if non-whites or any other criminals attack our people they've got a problem."

Western civilization will be preserved at all costs, he said. Last month he was the target of what police said was an assassination attempt at a party meeting. He often wears a bullet-proof vest.

He said the Klan was shifting from a "hard sell to a soft sell approach." But it maintained the tradition of the notorious cross-burning ceremonies where participants wear hooded robes.

They're usually private ceremonies," Mr Metzger explained. "There's usually one, but sometimes up to three crosses, anything from 30 to 40 feet in height. Robed members of the Klan carrying torches form a circle round the crosses. The circle goes clockwise and then counter-clockwise."

Worker sent to Russian mental unit

Moscow, Oct. 6.—One of two Soviet building workers who climbed into the British embassy compound in Moscow last month, asking for help to emigrate, has been sent to a psychiatric hospital, his wife said today.

The two men, Mr Arkady Stepanchuk and Mr Sergei Kiy, left the embassy on September 22 after a brief meeting with British diplomats but were sent to a psychiatric hospital, his wife said today.

She said her husband was taken to a psychiatric hospital, where she visited him last Monday and he believed he had been confined there only because he wished to emigrate.

She said Mr Kiy had been allowed home after questioning by the authorities but had later been dismissed from his job.—Reuter.

Mr Karmal to visit Moscow

From Our Own Correspondent

Moscow, Oct. 6

President Babrak Karmal of Afghanistan will arrive in Moscow in about a week for an official visit, his first journey abroad since he came to power last December after a bloody coup and the entry of Soviet troops into Afghanistan.

His visit is probably intended as a mark of Soviet approval for his regime and a demonstration to the world that his communist Government is firmly in control and internal security is improving.

The Afghan leader will be received with full pomp and honour and will have talks with President Brezhnev. But his visit is more symbolic than essential.

Since Soviet advisers are virtually running Mr Karmal's Government and the Russians have taken over the bulk of the fighting against the Muslim insurgents, the Kremlin does not need to consult the man they brought to power.

However, President Karmal will probably publicly endorse the presence of the Soviet troops in his country and may sign additional protocols to the 1978 treaty of friendship.

The Russians have several times insisted that no Soviet troops will be withdrawn until all "outside interference" in Afghanistan's affairs is ended. This means, in effect, that they will not leave until the country is entirely pacified.

Press gangs: In their efforts to strengthen the depleted and demoralized Afghan Army, the Kabul authorities are using press gangs in ever greater numbers (Trevor Fishlock writes from Delhi).

A diplomatic source in Delhi said today there was increasing evidence of abuses in the activities of recruiting squads.

Desertions have reduced the Afghan Army to a shadow of what it was. Before the Soviet occupation last December, the strength of the army was 80,000. Now it is estimated at 35,000.

Insurgent ring surrounds Kabul

From Kuldip Nayyar

Delhi, Oct. 6

Insurgents have surrounded Kabul, from where I have just been forced to pay toll tax to the insurgents for safe conduct. "This works out to be cheaper," a trader, whose lorry was burnt, told me.

When Soviet lorries leave Kabul, they are escorted by up to 15 tanks and even non-Russian convoys have between six and eight tanks to protect them.

What happened two weeks ago indicates the extent of the insurgents' hold around Kabul. In the suburb of Shakhad, posters, carrying the picture of Mr Gulbuddin Hikmatyar, the chief of the most influential guerrilla group—were pasted on walls, with a warning that no one should pull them down.

A member of the ruling communist faction, Parcham, issued the warning and was killed on the spot. Significantly members of the rival communist faction, Khalq, whose presence is strong in Shakhad, did not come to the Parcham members' rescue.

The quarrel between the Khalq and Parcham members is now in the open. The Khalqis, who are comparatively strong in the countryside, are killing their rivals whenever they can. In Dasht-e Berchi, a village about 8 miles from Kabul, 14 Parcham members were killed and the Government had to evacuate the rest to the capital.

The insurgents, however, do not make much distinction between the Parcham and the Khalqis. They consider both "godless communists," even though the Khalqis at times have helped some insurgents to escape after being arrested.

No doubt, the communists are hated, but there is also a widespread estrangement towards the Indians. When I was in Kabul in 1974, I was welcomed wherever I went. Shopkeepers would go out of the way to say that the Indians were their best friends. This time many shopkeepers said "bayro" (so away) when I approached.

The Afghans believe that India failed to stand by them during their hour of crisis.

Republicans move house in an effort to identify with the workers

Unemployment is dominant issue in Detroit

From David Cross

Detroit, Oct. 6

During the past presidential election, the Michigan campaign office of the Republican candidate has been in a convenient and affluent business area of central Detroit. This year it has moved to a roomy, two-story suburban house, the headquarters of the Ford Motor Company, as well as many of its workers.

"Basically we wanted a location which signified our interest in trying to identify with the working man," explains Mr Terry Davis, the local executive director of the Reagan-Bush campaign. "The only way to get closer was by moving out with them."

The change in the economy of most concern to the residents of Dearborn, and their colleagues in other areas of the "automotive capital of the world" is an improvement in the unemployment rate.

Nearly everyone here has a friend or family member or himself laid off or unemployed because the auto region is in depression. Mrs. Loree

Ruppe, the co-chairman of the campaign, said.

Indeed, just down the road from the Michigan headquarters is a stamping plant which would normally employ 2,500 people. At the moment there are 600 or so working on the assembly lines and within six months the plant is to shut down.

Moreover the unemployment rate for the whole state rose last month to 12.7 per cent at a time when the nationwide jobless rate fell slightly to 7.5 per cent.

Like blue-collar workers in other parts of the industrial north, Michigan's car workers have traditionally voted for Democratic candidates. But this year those who live already made up their minds seem to be divided roughly equally between Mr Reagan and Mr Carter at the moment.

More important for the campaign of both Republican and Democratic nominees, an unusually large number have decided to make their choice for the White House.

The Republican strategy for

wooing the uncommitted blue-collar workers is to emphasize the new deal of Mr Reagan's economic programme. Under the theme "Reagan for Jobs," his campaign workers in Michigan point to the many U-turns in President Carter's economic policy.

Mr Carter's campaign organizers concede that the President's support among the 550,000 rank-and-file members of the car workers' union, the UAW, is not as strong as it should be at this mid-point in the election campaign. But Mr Curt Wiley, the state coordinator for the Carter-Mondale campaign, has detected a gradual move away from Mr Reagan by blue-collar workers towards the President.

Other factors in the state

which are working to President Carter's advantage include a general feeling that the campaign of Mr John Anderson, the independent candidate, is fading (disaffected supporters of Mr Anderson are more likely to vote for Mr Carter than Mr Reagan) and the active support of Mr Coleman Young, the black mayor of Detroit, who is expected to deliver most of the black vote.

All the latest public opinion polls agree that the state of Michigan is, to quote Mr Davis, "a horse race, leading to a very close election."

Carter attack: President Carter opened the final month of his election campaign today with a harsh attack on the tax, welfare and education programmes of Mr Reagan.

In a speech to a technical college in Milwaukee, Mr Carter said that the Republican plan to cut income taxes by 30 per cent over the next three years was "economic quicksand."

"It glitters, it promises quick results and easy answers, but ends up being worthless," he added.

US Elections

Carter's economic record during the past four years.

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Other factors in the state

Jamaicans go to the polls on October 30

Kingston, Oct. 6.—Mr Michael Manley, the Jamaican Prime Minister, announced today a general election will be held on October 30.

Last February, after disputes with the International Monetary Fund over aid, Mr Manley said he would call an early election to allow Jamaicans to decide which economic path to follow.

An opinion poll published in the *Daily Gleaner* newspaper yesterday said that the opposition Jamaica Labour Party led by Mr Edward Seaga was likely to win the election.

Tight security after Manila bombs

Manila, Oct. 6.—President Marcos of the Philippines today ordered tight security around Manila's 18 first-class hotels after Saturday's bomb attacks on five hotels.

In more than a month of urban guerrilla warfare aimed at toppling martial rule in the Philippines, eight government offices, four banks, five hotels, two cinemas and four commercial establishments have been hit by sophisticated but small bombs.

Military authorities have no close to break what seems to be a complex grouping of independent urban guerrilla cells.

Hopes were raised early last month that the bomb attacks

would end with the arrest of Mr Victor Lovely, a Philippines-born American who police believed was the ringleader of the terrorists.

However, barely a week after the arrest of Mr Lovely and two of his younger brothers, a new and more violent multiple bomb attack rocked Manila on September 12. And again last Saturday more explosions occurred, hitting some of Manila's five-star hotels.

The bombings have continued in spite of stern security measures such as road and building checkpoints and searches.

The bombings were claimed

as the work of a group called the "April 6 Liberation Movement" which is circulating a manifesto said they would continue the bombings until President Marcos stepped down and dismantled martial law.

The Government has implicated opposition politicians based in the United States in the spate of bombings. Other government opponents to President Marcos here have been linked, mostly Christian leaders, professional people and politicians.

On the other hand, the opposition has often countered that the Government may be behind the bombings to justify the continuation of martial law.

Thai trawler seized

Bangkok, Oct. 6.—A Vietnamese gundot has seized a Thai trawler with 12 crew members off south-eastern Thailand.

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You may have heard that the BMW 7 Series uses electronic technology to totally redefine the concept of a luxury car. Like an electronic system that can stop the car using any petrol at 60 mph.

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But did you know that the BMW 7 Series cars now cost less, in real terms, than they did just 12 months ago.

In fact the BMW 728i (with a faster acceleration time according to What Car than turbos) costs barely more, at £12,435, than well equipped mass produced cars.

The 732i, with electronically managed engine, costs £14,325. And the 735i, with the road version of the M1 racing car engine costs £16,175.

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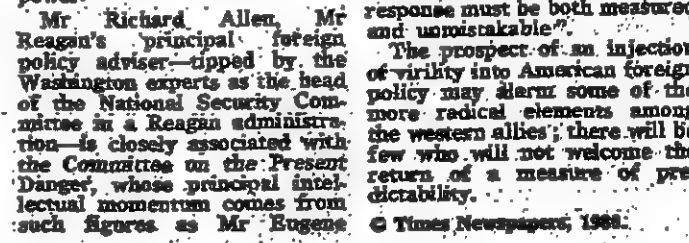
How Mr Reagan would handle the decade of danger

Although Mr Reagan believes

mination to restore America's

Mr Reagan's determination to restore America's military power does not imply any reluctance to negotiate strategic

If, therefore, Mr Reagan wins the presidential election on November 4, there will almost certainly be a decisive shift in American foreign and military



She took the point, but insisted that she wanted also to take the risk. She also hinted at their first meeting, at something that she was later to make explicit; in her efforts to discover the nature of her husband's fate, she had been in touch with the "peace" movements both in the United States

alone Britain. Root
virtues, and what
his life, would cost
millions who have
that the first duty
in a free country is
and that the second
towards the destruc
freedom. Robert Cr
for freedom, and
died for it, because
in it. He believed th

Holkham makes the point very clearly. One should start perhaps with the house itself, the grandest achievement of

The library, too, is not solely the creation of the early eighteenth century Earl. The nucleus was formed by Chief Justice Coke (1552-1634), one of Britain's ablest lawyers and a formidable influence on the development of English law. His working library in its day exceeded in size and range even that of Cambridge University.

sold; if sold (unless to a public institution in Britain) full capital taxes have to be paid on the sale price.

Lord Coke and his trustees hope that by the sale of the Leonardo they will not only

the auction price is likely to be reduced. Do we want Leonards or do we want Holkham?

From time to time, I wrote about the man who had thus set a standard of courage for his fellows; Audrey, mean-

from generation to
by the brave. This
short life, he sp
mumbling, but in r
and what he said

Residents, who have declared a belated affection for their previous municipal head

I ask this because by chance this morning, while the Tories are assembling for the start of their jamboree, Brighton council's planning committee will be discussing the fate of

Among the exhibits are the original manuscripts of works premiered by the orchestra, including Britten's Piano Concerto and Vaughan Williams's Fourth Symphony—the score of the symphony is accompanied by a letter from the composer to the conductor of

Another side of the orchestra's activities is also chronicled: the exhibition includes a letter to Rudolf Kempe from an irate lady who complains about a concert he com-

Marc is abroad

reported recently as being the most popular work in the National Gallery for reproduction on biscuit tins. Since the work was executed in 1621, the entire world has happily accepted the supposition that the painting is exactly what it claims to be, a picture of a hawain. Now I have a reader

doubt to them, but they quickly dug up the history of the painting. Judging by the preliminary sketches for the picture now in the Victoria and Albert Museum, Constable originally planned a man on a horse instead of a wagon. Then he changed his mind, and there is correspondence to show that he

The letters, written on convincing crested official note paper, are highly persuasive forgeries, and purport to come from the province's Department of the Environment.

"Nothing, M^r Lu
billet-doux from
replied Rees-Davis
to me, judging by
in the dock."
judge; "that it is
in the line of a Bi

Alan

EUROPA

Economies are out of control; recession is ravaging Western Europe; inflation rampages ahead

World pattern implies deflationary forces are building momentum

European economies are out of control. Recession is ravaging Western Europe. But, worst of all, at the same time inflation rampages ahead. We live in a period of profound turbulence, disillusionment—a time where even those in power feel powerless.

Economists who preside over the policies of Western European governments desperately try to find a ray of light to indicate the direction of the road ahead, but are unable to do so.

In France the development of recessionary forces which began several months ago is now evident. Last month M. Raymond Barre, the Prime Minister, warned the French people that there are no easy solutions to the problems to hand, focusing on the sharp rise in oil prices as being at the root of them.

M. Barre emphasized that oil price rises must be paid for by the French people in the form of lower real incomes. The trade deficit in France for the first half of 1980 was nearly 30,000m francs (\$7,500m) which represented a substantial deterioration over recent months. The July trade deficit was the second worst this year at 6,700m francs, bringing the shortfall to 36,000m francs.

Unemployment continues to rise: the level is now at 1,470,000, up 6 per cent on a year ago, while job vacancies have recently fallen by 4.7 per cent, underlining that there is unlikely to be any early relief from higher unemployment levels.

In August, M. Barre said the Government had no intention of stimulating demand until inflation and the balance of payments deficit had been brought under control. In contradiction, during the latter part of August two of the major French banks cut their base lending rates by one half per cent to 12½ per cent while day-to-day money rates dropped to the year's lowest point at 11 per cent.

It would appear that the French have not yet decided whether inflation or recession is the worse evil and have been switching monetary policy to counter whichever appears out of hand at the time. In Germany it seems the authorities have definitely decided the inflation is the far greater threat, having learnt by the bitter experience of the hyperinflation of the 1920s, which produced the worst of all possible economic calamities, involving a currency that was not worth the paper it was printed on and a depression to follow.

Monetary policy in Germany is distinctly one of contraction. Reflecting the Government's stance, unemployment rose in June for the first time in 20 years.

The effects of the tight monetary policy are beginning to show up in the rest of the economy. Growth in industrial production was down sharply according to the latest figures. The growth in domestic credit expansion is declining and, on the positive side, inflation appears to have peaked and is now under 6 per cent. Dr Otto Schlecht, Secretary of State in the Economics Ministry, last month emphasized the need to maintain a tight monetary policy until there is a clear sign that inflation is falling.

While Germany is pursuing a monetary policy of contraction, France is somewhere between that and an expansionary one. Italy is pursuing an expansionary policy leading to higher inflation and the social problems associated with it.

The social problems were dramatically illustrated at the beginning of August by the bomb explosion at Bologna railway station, which killed more than 80 people. That act was the most destructive demonstration of terrorism since the end of the Second World War.

The Italian Government is desperately trying to deal with the economic problems of the country against a background of rising interest rates, falling industrial production, rising inflation (the worst in Europe at 21 per cent) and excessive growth in the monetary aggregates where M1 is stated at an annual rate of slightly under 21 per cent.

In July the Government proposed a package designed to resolve some of the country's economic difficulties but, resulting from constant opposition from the communists and neo-fascists, it now bears little resemblance to its original form or intent. The proposed deflationary levy of 0.5 per cent on industrial salaries has been withdrawn, while the Government has been forced to halve the planned increase in the duty on alcohol and to cut the intended increase in VAT on house purchases.

There is an increasing danger that the expenditure elements of the planned package will remain while the original revenue proposals will be substantially cut back, which will add fuel to the inflationary forces and lead to further credit demands. The original intention was to switch 4,000,000 lire (nearly 1.5 per cent of gross domestic product) out of consumption and into industrial investment and exports. The final outcome is likely to lead only to further consumption.

The economy which gives the strongest evidence of being totally out of control is that of the United Kingdom. While the British Government claims to have been pursuing a "monetarist" policy which would solve the ills of the



Terrorism in Italy. A scene at Bologna railway station after the bombing.

country, the rate of inflation remains the second highest of all major economies while the level of unemployment is the highest.

A few months ago it was stated that sterling M3 was growing at a rate well within the Government targets. It is now doubtful if anyone in the Treasury knows precisely how fast money supply is actually growing. In July sterling M3 advanced by 5 per cent producing an annual growth rate of 60 per cent. In August there is evidence that sterling M3 will have advanced by 3 per cent producing an annual growth rate of 36 per cent.

These abnormally high figures result from the removal of "corset" restrictions in

July, originally introduced in 1968. Discounting these distortions, the Treasury claims sterling M3 has advanced by 1 per cent to 2 per cent over the past month, producing an annual growth rate of between 12 per cent and 24 per cent against a stated target by the Government of between 7 per cent and 11 per cent.

Britain's public sector borrowing requirement bears a little resemblance to stated objectives as does the growth in money supply. The target for PSBR was claimed to be £9,300m in the spring Budget. The total for the first five months of this year is already £7,000m. Critics of the Government cite the failure of "monetarism" as the reason for the country's poor economic performance.

A summary of the entire global economic pattern would imply that deflationary forces are now building momentum and exerting pressures greater

than anything we have seen since the depression of the 1930s. The evidence is in the fact that economic aggregates in many countries have now deteriorated to an extent worse than anything witnessed since the 1930s and there is little sign of improvement. At the same time, repeated efforts have been made by the authorities to blunt the deflationary forces which merely lead to counter-productive inflationary pressures.

Those countries currently cursed with a deepening recession and high inflation will ultimately find that economic deterioration will last much longer, and bite far deeper, than would have been the case if stringent economic policies designed to curb inflation were maintained.

In many instances, throughout history inflation has been responsible for the total destruction of a nation. There is no case in recorded history where

deflation has destroyed a nation.

How will it all end? History shows that governments can control inflation for a time using monetary policies either to expand or contract individual economies, substituting inflationary forces for contracting deflationary forces, but no government has ever been able to control deflationary forces when they become entrenched in the system.

Many believe that Keynesian economics offered the answer to this problem in the 1930s, but they are never really put to the test. Keynesian expansionary policies were used only after the world economy collapsed in the 1930s to help to revitalize a system that was already devastated; we see no evidence that Keynesian economics are capable of preventing deflation.

The history of economic depressions over the years

shows that the precise point at which deflationary forces take precedence over inflationary ones occurs with a collapse in the banking system, resulting from the cumulative debt that governments have encouraged for the purpose of deferring the political consequences associated with recession and depression.

Eventually industry, consumers and government, individually or collectively, will be unable to sustain this debt burden which has been advancing with rising interest rates, the companion to inflation. Ultimately we face a big financial default, likely to result in a chain reaction and serving as the trigger mechanism, setting into motion the uncontrollable aspects inherent in these deflationary forces. The most frightening feature of the situation is that our global financial system is so

unstable that such a could occur at any time the slightest warning of several sources. We combination of the debt structure of the countries, the illiquid corporate sector of Western Europe, and summer debt mountain been growing inexorably for decades.

While the timing is the history of inflationary trends over 1,400 years suggest maturing of the in cycle occurs about five after the trough of monetary phase. This is that economic forces just approaching a where the inflation has reached full historical reference duly supported by economic trends.

Robert B

Facts and figures

Increasing signs of a recovery in the United States

Whereas business activity is falling in the four European countries, there are increasing signs of a recovery in the United States. After the sharp drop in American output in the second quarter (with the gap down by 9.6 per cent), the news is better. Or at least, it is better when comparing the monthly returns with those of the previous month, although taking the corresponding month last year they are still bad. Industrial output showed its first monthly increase (0.5 per cent) in August but still remains sluggish, particularly in the traditional mainstays of American production.

Housing starts have increased in three successive months and very sharply at that (by 3.2 per cent in June, 2.1 per cent in July and 12 per cent in August), but the total number of 1,400,000 dwellings is 22 per cent below the 1979 level. American car sales have also been giving signs of a recovery, but at the beginning of September they were still 21 per cent down on last year.

Optimism is returning among manufacturers, however. For instance, Mr Thomas Murphy, chairman of General Motors, is expecting renewed expansion of the market, with the 1981 models boosting sales to 10 million cars. Moreover, the Conference Board's two most recent surveys show that consumers are regaining confidence.

Financial circles are worried. Prime rate, having touched bottom at 10½ per cent, is already back up to 13 per cent and the inflation outlook is ominous, with wholesale prices having accelerated once again to 17 per cent. Mr

	quality of growth	prices	unemployment
GERMANY	●●●●●	●●●●●	●●●●●
FRANCE	●●●●●	●●●●●	●●●●●
ITALY	●●●●●	●●●●●	●●●●●
BRITAIN	●●●●●	●●●●●	●●●●●

Volcker, chairman of the Federal Reserve Board, has a difficult problem, needing to reconcile two contradictory requirements: he has to decide between "raising credit to combat inflation and maintaining flexibility to avoid crushing an incipient recovery on which so many hopes are pinned."

Two of the Presidential candidates, Mr Carter and Mr Reagan, are not making matters any easier with their promises of tax cuts. The custodian of the dollar was quick to denounce these electoral pledges. In his view only the advantages promised to investors are appropriate, particularly since business leaders' investment forecasts are falling sharply just when it is most necessary to strengthen productive capacity.

Growth rates are falling in all four European countries, but they are at different stages. In West Germany business activity has improved strongly during the first quarter (gdp up 5.8 per cent) tailed off badly in the second

quarter with an increase of only 1.5 per cent and industrial output actually down. However, the Bundesbank noted that the deterioration had been arrested in July.

Although these developments have been accompanied by a sharp drop in the inflation rate which is now down to 3.5 per cent on the three-month calculation, they have not brought any improvement in the current account balance of payments, which is seriously in deficit. The Deutsche mark remains weak and the Bundesbank also has the problem of reconciling two contradictory requirements, having to choose between maintaining interest rates at a relatively high level to protect the currency and reducing them to bring them into line with the slow-down in business activity and inflation.

Having maintained tight controls initially, it eventually relaxed and injected liquidity into the economy, and more recently reduced the rate for secured advances from 9½ per cent to 9 per cent—a prudent manoeuvre aimed at forestalling a worse deterioration in business activity.

As Herr Helmut Schmidt, the Chancellor, has pointed out, West Germany is not going through a recession, but it is approaching a difficult period during which despite the weak growth rate it will have to improve its productive capacity so that it will be in a position to take full advantage of the recovery which several banks, including the HWWA in Hamburg and the Westdeutsche Landesbank, are predicting will come in 1981, with the main

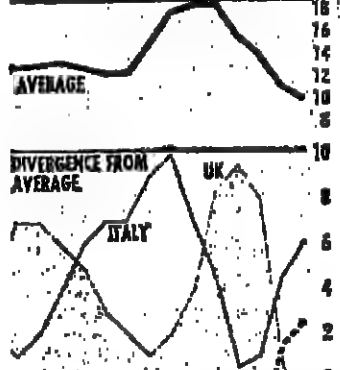
driving force coming from exports to the newly rich oil-producing countries.

Although West Germany has already stepped up investment to meet the new international challenge, France has unfortunately not yet reached this stage. This is a crucial problem to which attention was drawn recently in connexion with the "poor trade figures."

As M. Raymond Barre has explained, the solution does not lie in adjusting the exchange rate of the franc, but in improving competitiveness. The removal of controls on industrial prices, which has given companies an opportunity to improve their financial situation, is only a beginning. Rather than continue to increase their prices, thereby contributing, along with the public sector, to the maintenance of a high rate of inflation now running at 13 per cent (France and Italy are the only large industrialized countries where the inflation rate has not fallen since May), companies should now be investing to reduce their production costs.

They should be helped in this task by the new measure proposed in the 1981 Budget, under which for a five-year period corporation tax will be reduced by 10 per cent of the full amount of investments made. As in West Germany, current economic conditions are difficult, with a fall of 0.3 per cent in the gdp recorded in the second quarter, but despite inflation and the trade deficit, the franc is building up remarkably well, so that it has been possible to reduce the banks' base rate by small stages from 13½ per cent to 12½ per cent. These favourable monetary conditions will be

PRICES



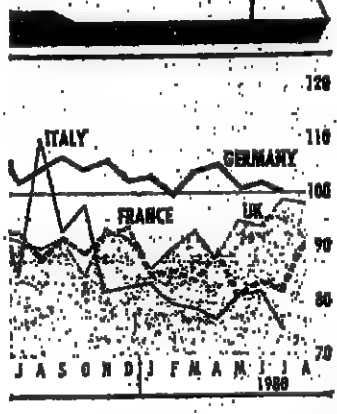
Prices: The four European countries' average inflation rate has fallen consistently from 15.4 per cent in April to 14 per cent in May, 11.4 per cent in June and 10.1 per cent in July. Credit for this goes entirely to West Germany, where the rate has come down from 7 per cent to 3.5 per cent, and to Britain, which has achieved a spectacular reduction from 25 per cent to 8 per cent. On the other hand, there has been almost no change in France (13 per cent) or Italy (16 per cent).

These figures are calculated on the basis of the months of June, July and August. The year-on-year rates are 5.5 per cent for West Germany, 13.6 per cent for France, 16.3 per cent for Britain and 21.6 per cent for Italy.

threatened if France's inflation rate does not at last come down appreciably during the next few months.

Britain is experiencing its worst fall in business activity since the depression of the 1930s. The gdp fell by 0.5 per cent in the first quarter and

FOREIGN TRADE



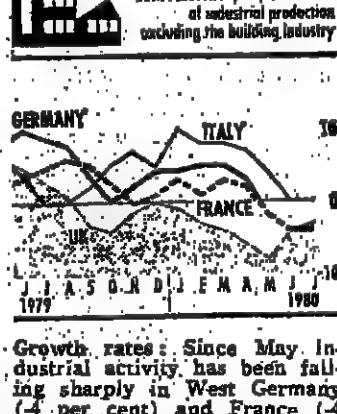
Foreign trade: Between June and July cover of imports by exports (calculated for all and seasonally adjusted) fell again in West Germany from 102 per cent to 100 per cent and slumped in Italy from 82 per cent to 75 per cent. Between July and August France's rate improved from 82 per cent to 91 per cent and Britain's held steady at almost 100 per cent.

by a further 2 per cent in the second, so that it is 4 per cent below its 1979 level. This deterioration is all the more worrying in that under the combined pressure of the recession, wage increases, high interest rates and an overvalued pound, many companies are contemplating factory closures.

The direct consequence, as our graph shows, has been an alarming increase in unemployment since May, which has provoked violent reactions from the trade unions and prompted Mr Callaghan to call for an extraordinary session of Parliament to examine the "distressing" total of 2,011,208 unemployed in the month of August.

In its defence, the Government points to the equally dramatic fall in the inflation rate which, on the three-month calculation, has come down from 25 per cent to 8 per cent, and the improvement in the trade balance, where cover of imports by exports has risen to nearly 100 per cent. However, particularly in Britain's case, it is not the immediate situation which mat-

INDUSTRIAL GROWTH



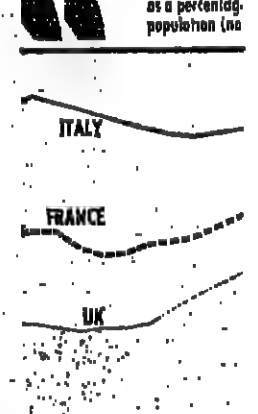
Growth rates: Since May industrial activity has been falling sharply in West Germany (4 per cent) and France (4 per cent). The slow-down which started in Britain towards the end of 1979 is still continuing (3 per cent). Italy has not yet come to this, but its growth curve has flattened considerably.

ters, but the future and investment. In the first half-year, investment by manufacturing industry fell sharply (by 3 per cent). The Confederation of British Industry is once again exerting pressure on the Government to reduce interest rates, maintaining that this is justified by the fall in inflation, but Mrs Thatcher is proving reluctant to go further in the direction taken when the minimum lending rate was edged down from 17 per cent to 16 per cent.

In Italy, as in Japan, the slow-down has barely begun to set in after a first half-year in which, according to Istat, the statistical institute, industrial output achieved the excellent increase of 9.7 per cent over 1979. However, inflation is not coming down, as it is elsewhere, so that the competitive position of Italian products is becoming increasingly difficult, given the constraints imposed on the lira within the European monetary system.

As a result the trade balance is deteriorating seriously and, as may be seen from our graph, cover of imports by exports fell once again in July from 82 per cent to 75 per cent. In contrast with Britain, Italy has the problem of keeping the economy in check. The central bank is

UNEMPLOYMENT



Unemployment: Britain and August the unemployment rate, calculated as a of the working population seasonally adjusted, is 11.4 per cent.

In West Germany the rate is 3.5 per cent, while it remains in France at 6.8. Italy's rate showed increase between the second quarter, 6.8 per cent to 7.95 per cent.

doing what it can to end by maintaining controls. At the same time it is necessary to invest, as in the tries. The Government drawn up plans for burden of social contributions borne by although it has set of making any cha moving-scale system indexation, but on these have still passed by Parliament.

Meanwhile the getting worse, as case of Fiat, the manufacturer, which it harder to export in terms of 22,000 cists. Hence the sc casts made worse b government crisis.

Maurice Bom

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Scene of a modern drama in which man's survival is at stake

The Colorado Plateau—a paradise for some, but for how long?

The boundaries of four American states—Colorado, Utah, Arizona and New Mexico—meet here in the shape of a cross. This is the high Colorado Plateau—a breathtaking landscape of immense beauty and tranquillity where the vast plains stand at 2,500 metres above sea level and the peaks of the mountains on the horizon rise to more than 4,000 metres. One range is called the Sangre de Cristo (blood of Christ) mountains, from the way they turn red in the sunset.

It is a region of no interest to the farmer or the industrialist, but for the artist, the poet, the explorer, the geologist, it is a paradise. It was first described by the first English explorer, John Wesley Powell, in 1872. He was looking for a route to the Pacific and was driven out of other areas and came to live here. Today it is the scene of a modern drama in which man's survival is at stake.

The authorities call it a "national sacrifice area". It holds about half the United States' reserves of oil, gas and coal. It is also a source of uranium, which has never been worked. The energy crisis has to be treated as the equivalent of war. President Carter announced, in his famous speech on the subject in July 1979, what he set out the United States' new energy priorities, emphasizing the importance of the very products in which the Colorado Plateau is rich. Until 1953 it was the only American uranium-producing region and it still accounts for almost two-thirds of output at the end of the 1970s.

According to the official programme, the present production figures are to be multiplied by three, four or five by the year 2000. If the Administration's hopes are fulfilled, at least a third of the country's new gas and oil production will be concentrated in this region. Only Wyoming will be able to claim to have undergone an almost equally devastating experience.

The Navajo Indians are calling for the Colorado Plateau to be declared a national disaster area. With 85 per cent of the radioactivity contained in uranium ore remaining in the waste, there is more radioactivity on the plateau than in the

whole of the rest of the United States. Most of this waste, unshielded, is disposed of in the thousands of small pits, and this, the wind and the rain carry it around the area.

Long cancer is claiming the lives of one miner after another, while their wives and children can look forward to the prospect of mental and physical illness, which develops more slowly. Already, monstrously malformed cattle are being born in the area. The evidence of these various plagues has helped the Indians to find new allies in the farmers' from the "outlying regions, who have always kept their distance in the past. Our land is poisoned and will remain so for thousands of years," say leaders of the opponents of mining claims.

Even if the uranium mines were closed, down completely today, it would take decades and billions of dollars to rid the area of pollution.

Is it time to worry about the reactions—and health—of a few hundred thousand Indians (there are now barely a million in the whole of the United States) when the entire energy policy of the greatest power in the world and its security of supply are at stake? White Americans, for all their perceptible toughness and political conscience about the original inhabitants of their continent, are generally disinclined to listen to them.

A great power is faced with the inescapable and the Indians are not always in the best position to convince themselves, or some of their clear-sighted, campaigning "chiefs", like James McCloud, who lives in the Rocky Mountains near Seattle in Washington State, of the "double and jealousy" are the two scourges of our peoples.

The Indians are divided, not only on tribal lines, but between "traditionalists" and "progressives". One of the traditionalists' objections, the daily focus of dispute is to abstain from voting in elections to the tribal councils, which are the official negotiating partners of the Federal Bureau for Indian Affairs in Washington. This bureau does much to help the Indians' economic and social relations, but the big mining companies and council members, who negotiate the financial terms on which mining is allowed, on their territory.

They are in a relatively weak bargaining position and the royalties they receive are low. The Hopi Council, for instance, derives nine tenths of its revenues from mining but the state of Arizona collects much larger sums for the energy generated by the power stations on its territory than the royalties received by the Navajo and Hopi from the production of fuels.

At all events, the new traditionalist Indian leaders who are beginning to make themselves heard do not rely on negotiations over such matters to make their case. It is their contention that no royalties, even at a much higher level, can compensate for the sacrifice of destroying the land of which other generations, it is hoped, will have to live. They hope, will have to live, although their message is out of line with "modern" thinking, more and more people are listening.

The conflict of the four states, that area cross within the circle of the Colorado Plateau, a territory the size of a European country, has been considered a "sacred land" since time immemorial by Indians everywhere, regardless of their various dissensions. In some parts of this land, war has never been allowed; a warrior would let his enemy pass through and lie in wait for him on the periphery. Even geological phenomena seem to have been less violent in this area than in the rugged terrain by which it is surrounded; it is a stable platform in a region which has undergone millions of years of intense transformation.

According to the ancient beliefs, it is permissible to disrupt anything anywhere else, but the "secret regions" must be kept in their natural state as refuges for mankind. The rape of "mother earth" will cause earthquakes, landslides, eruptions of mountains and the sky will be lit up by lightning.

The whites man will return to destroy our peoples," say the most recent prophecies of the council of elders of all the tribes held in 1948. "Technical progress" will bring material progress, they explained, describing, later, all television and nuclear power, but there will be nothing left of all this. There followed a number of warnings, including the recommendation that nothing should be brought back to earth from the moon.

One of the traditional Hopi spokesmen, dressed in jeans, checked shirt, a red mustache and a large turquoise necklace, recounted these strange prophecies as a preliminary to discussing the balance of nature. Mount Taylor, in north-west New Mexico, a sacred mountain for the Navajo and Pueblo tribes, has a uranium mine which cuts 1,000 metres into its heart and, if all goes according to plan, will soon become the biggest uranium mine in the world.

Already two fifths of the uranium mined in the United States comes from within a radius of 25 miles from this peak. Poor mountains! Talk of sacrifice is not taken seriously so far as talk about water.

Thirty-five million tons of unstabilized waste have been deposited in the Colorado River basin. Already several disasters have resulted in some

of this waste finding its way directly into the river. Fourteen thousand tons of solid waste were lost in a flood at Green River in Utah and 400 million litres of radioactive water when a dam burst near Churchrock in New Mexico. Every year tons of radioactive water are pumped out of the mines in New Mexico and poured into the River Colorado after rudimentary treatment.

Further downstream this river provides the water used to irrigate the big fruit and vegetable farms in Imperial Valley in California and Yuma in Arizona. The authorities maintain that the water is perfectly safe. But is it not likely that this "nuclear farming", as its detractors call it, will cause delayed effects which should be taken more seriously? To put it in more immediate terms, are the tomatoes and strawberries which we will be getting in Europe this

winter already contaminated? Thousands of tons of water are being drawn from the subsoil of the Colorado Plateau for use in the mines. These are millennial reserves which will never be replaced and water is a most precious commodity in this area. Without attempting any return to nature, is it not becoming urgent at least to pay serious attention to the balance of nature in the world we inhabit?

If the nations of the world do not change their policies soon, life for most people in the world will be harder and more hazardous in the year 2000 than it is today. The land on which food is grown will become less productive in many areas. Desertification is now affecting areas of the world the size of the state of Maine every year.

Forests are being destroyed at the rate of 18 million to 20 million hectares (half the area

of California) every year, so that 40 per cent of those now in existence could have disappeared by the year 2000. Fifteen to 20 per cent of all animal species could disappear over the same period. Deforestation destabilizes water supplies, causing worse droughts, more floods, soil erosion, silting of rivers, etc.

Population increase will mean that water requirements by the year 2000 will be double what they were in 1971, and probably more if living standards are to be improved. Competition for control of water resources will exacerbate international tensions, because 143 of the largest water basins in the world are controlled by only two countries, and 52 more by three to 10 others. The higher consumption of fossil fuels could cause acid rains which damage lakes, plants and buildings, while the increasing concentration of carbon monoxide in the earth's atmosphere could cause climatic changes which could have extremely disruptive effects on the whole world's agriculture.

That should be enough of this encouraging description, which is not the work of a subversive Indian, but an extract from the official report submitted to President Carter on the state of the world by the year 2000 entitled *Approaching the twenty-first century*. Why, then, do we have this "dialogue of the deaf"?

The nuclear dossier is one of a variety of means used by the traditionalist Indians to stigmatize the modern world and to hark back to basic values, claiming that if these were adhered to more closely, the West would not be suffering from its present moral malaise. They are dismissed as a tiny minority of degenerate alcoholics by many whites, who advise them to put their own house in order before finding fault with others.

Is this good enough? It has been asked whether the actor John Wayne and seven others who worked with him in the Nevada Desert on the film *The Conquerors* were not the victims of nuclear fallout from the tests carried out during the 1950s near Saint George, where the incidence of cancer is particularly high. Nobody can tell, but does that mean

that the question is not worth asking?

In Navajo country there is an open-cast mine four kilometres from a school and nine from a church, in a village where one day a dam burst at 7 a.m. It was not until midday that the villagers learnt—from the radio—that had caused the noise they had heard: no other warning had been given.

A notice was put up by the responsible authority, at the edge of the new stretch of water released by the broken dam, with the legend: "Warning, all use of water from this river is discouraged by the NAWEID". No indication of the nature of the pollution. Moreover, animals do not read and they did drink the water.

One has scruples about implicating the mining companies, but can it seriously be claimed that minimum safety standards are maintained when it is an open secret that even the pit-prop in many mines are barely adequate? The uranium rush is on, with the oil companies to the fore, having rightly judged that it offers alternative sources of profit. In this rather sparsely populated region it is possible to carry on practices which would be out of the question in more densely populated areas, such as that around Three Mile Island, which is still the subject of hot debate.

In comparison, the "sacred lands" of the Indians seem to belong to a different world. It is not by chance that so many extraction units or workites claimed to be "the biggest in the world" are to be found there; nobody was in a position to demand that they be kept down to a smaller scale.

Today, however, despite their differences, the Indians have formed the Council of Energy Resource Tribes. Once this, as some people imagine, mark the beginnings of a sort of "American Opec"? Will it succeed the old?

But the survival of mankind is not a question of price. The ultimate sacrifice of the North American Indians, whether offered up to the American nation for no gain or at the cost of a heavy tribute to the golden calf, could well mean the same fate for us.

Jacqueline Grapin



Rising Stars

A youthful chairman who is facing unpalatable facts

As Mrs Thatcher's Government pushes through its hard monetary policies against an international background of deepening recession, the effect on the British corporate sector is becoming plain. Profitability is falling, balance sheets are weakening and the number of bankruptcies is increasing. In many cases, often in strategic areas of the industrial economy, the case for retrenchment is now overwhelming.

At Courtaulds, the largest textile manufacturer in Britain, a sense of realism emerged early, partly because the textile business has been used to recessionary or near-recessionary conditions for at least 10 years, and partly because Courtaulds board elected a new chairman at the beginning of this year who was determined to face the facts, however unpalatable.

Mr Christopher Hogg, who now heads Courtaulds, is 44—unusually young in Britain to be chairman of a major manufacturing company. But his qualifications—Oxford, Harvard, merchant banking and a spell with the 1964 Labour Government's experimental Industrial Reorganisation Corporation before joining Courtaulds as a line manager in 1968—would rank as good enough anywhere in the world.

The reality, as he sees it, is that the textiles side of Courtaulds (in its present form, at any rate, where it still relies for three fifths of its business on textiles) is fighting for survival. He was prepared publicly, in his first statement to shareholders, to pose the question of whether it was possible for the company to remain as a large-scale textile producer.

At present with the rigours of the trade recession at its most severe, the answer is still in the affirmative, though to try to achieve this, Mr Hogg is having to make a number of critical assumptions and equally difficult decisions.

"I think that what my appointment catalysed," he says, "was that we had to intensify and extend what we were doing. We had to grasp all sorts of netles, and we had to recognize that in the end it would be better if we did so quickly and firmly. It would certainly be in the interest of what was left."



back to some base from which you stand a good chance of earning a proper profit."

As he sees it, the situation is one which everyone in the company has to face. For management Mr Hogg saw that the depressing experience of fighting a losing defensive rearguard battle, which has been the case in so many of the group's textile operations for many years, was wholly debilitating. For unions the message—for which there has been a refreshing acceptance—was that they had a totally common interest in tackling Courtaulds' difficulties which, in any case, are not far removed from the situation facing almost every major textile producer in developed countries.

Mr Hogg's clinical prognosis, which could well be applied to many British manufacturing companies, is that "somehow we have got to raise the productivity of the textile industry that is going to be permanently high as a result of North Sea oil."

So, as someone who once "despised" the textile industry in developing countries (more recently it is American producers with the benefit of cheaper input costs who have caused European producers serious problems), Mr Hogg has shifted his ground on this issue.

As he now sees it the textile industry is one of the first manufacturing industries to which developing countries turn on any scale and it is inevitable that there will be world over-capacity and strong pressure on the textile industries in developed countries. Precisely because the need of developing countries to develop is so great, their textile industries are often supported all round in a way which is regarded as "unfair" by those in developed countries who have to compete with them.

"It is difficult," says Mr Hogg, "particularly at times like the present, not to feel resentful, even bitter, about the 'unfairness'. But one must be realistic and recognize that there are strong political reasons for developing countries growing and also that the remedies which would protect the textile industries in developed countries could have a devastating effect on other exporting industries in those countries which would be even more serious than the difficulties of the textile industries themselves."

The answer is for companies like us to try to move towards a situation where the only fibre/fabric garment businesses we retain are those which we stand a fair chance of defending against the worst that can face us by way of international competition—whether that competition is fair or not. To set to this point will require much change but it must be done. The less we have to rely on protection or government help, however much we may think we deserve it, the more secure our business will be."

Some seven million people are still employed in British manufacturing, Mr Hogg points out, and whether or not the process of deindustrialization continues, the number is still sufficiently large to warrant serious interest.

Certainly, he, as someone who recognized that far too few people capable of running large industrial companies were willing actually to go into industry, decided to leave the financial sector on the view that it was "simply not good enough to sit on the sidelines and throw criticism at manufacturing. Some people have got to get in there and do something."

Andrew Goodrick-Clarke

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Vast move to change course of international finance bodies

Developing nations seek overhaul of IMF and World Bank

In the monetary history of this decade, which promises to produce as many upheavals as the 1970s, Arusha, a small and pleasant Tanzanian town which is an important tourist centre (being near the game reserves and the magnificent Ngongoro crater, may well prove to have played a major role.

Two international conferences have been held there this year. The first of these, in March, was entirely official, a meeting of the Group of 77 (third World World pressure group to which 120 countries now belong) during which it was decided unanimously to recognize the PLO officially.

This resolution could not fail to have an impact on the preparations for the general assembly of the International Monetary Fund and the World Bank, which was chaired this year by Mr Amin Jamal, the Tanzanian Minister of Finance. In his level-headed way he is a strong supporter of giving the Third World countries greater influence over these two institutions (and it is known that the issue of the admission of the PLO with observer status was regarded as a test case).

The second conference, which was held in late June and early July, was of a quite different nature (although concerned with similar matters), since it was organized by private associations, such as the Dag Hammarskjöld Foundation in Uppsala and the Institute for Policy Studies in Washington, which actively support Third World arguments.

The document which emerged from this conference, somewhat pompously entitled the Arusha Initiative, attracted wide media coverage. It was thus entirely successful in achieving its intended purpose, which was to orchestrate a vast political, diplomatic and intellectual movement with no less an aim than to instigate a fundamental overhaul of the running of the international financial institutions, where Western and especially American influence is omnipresent.

It remains to be seen whether or not the approach outlined for bringing about such a wide-ranging reappraisal is self-contradictory, with inconsistencies between the methods recommended and the aims pursued. At all events it is almost certain that this is going to be one of the big



Issues to be played out on the international stage during the coming years.

The origins and historical role of the IMF explain why one of its most ingrained instincts is to stay away from what is called politics. The IMF and the World Bank were originally conceived as specialized agencies of the United Nations, but when they effectively came into being they were dissociated from the United Nations.

The fact that the Soviet Union declined to join the IMF (and the World Bank), although it had attended the Bretton Woods conference, made matters easier. It was agreed that the IMF would be responsible for watching over monetary order as codified in

a body of rules (the charter) which owe their objectivity to the fact that in theory they avoid all political criteria. Similarly, the Gatt was given the role of promoting free trade around the world by applying a number of principles (no discrimination, reciprocity and so on), the purpose of which is to keep politics out of trade.

In the twentieth century, distinctions of this type are much less clear cut than they once were, but since the real or supposed liberalism of the West is a constant topic of discussion, it is important to remember that more or less liberal order cannot prevail in theory or in practice unless there is at the same time recognition, not only de jure but de facto, in the running of institutions, for instance, that the purpose of objective principles. (The Gatt rules, for example, are justified on the basis of the economic reasoning according to which free trade is the means by which the best distribution of available resources can be achieved.)

The Arusha Initiative (some of whose authors were representatives of Marxist countries) loses no time in attacking this conception, which is used as a screen for decisions inspired by political or strategic considerations (such as when the IMF grants massive aid to Turkey) or ideological prejudices (which actually work both ways according to the fashion of the day or changes in the White House attitude to such and such a potentate in Central America or elsewhere).

The document opens with the statement: "Money is power". Basically, what the authors—and through them, many of the Third World countries—claiming comes down to two things, one of which is fairly precise and to a considerable extent justified, whereas the other is likely to add to the current confusion created by the dominant countries and their management.

The IMF is called upon to abandon its intransigent attitude to the poor countries and relax the conditions which it attaches to the loans it grants. The IMF has no doubt been paying attention to the criticisms levelled at it (in a private meeting M Jacques de Larosière recently went so far as to say "it is time that we adopted more intelligent rules for lending conditions"). It

has made efforts in recent months to adapt its methods to the particular circumstances of the developing countries by making the relationship between the amount of the loan and the amount of the loan more flexible and by allowing more favourable terms in which to put their houses in order.

A loan granted recently to Guyana represents a new departure in financing which is ideally suited to the nature of the problem. Developing countries are by definition importers of capital goods of all sorts. In most cases, without external capital contributions, their balance of payments positions are bound to be in deficit (the United States ran balance of payments deficits throughout the nineteenth century). The loan to Guyana is the first to be granted by the IMF for the purpose of helping to finance a large industrial project.

If only because of the increase in interest rates, the developing countries are more and more convinced that they are the victims of world inflation. This is where their real interests no longer necessarily coincide with their claims. The Arusha Initiative is a further illustration of this. It calls for a United Nations conference on monetary affairs and finance.

Alas, all the precedents tend to prove that it could not fail to result in extreme politicization of the issues covered. The Arusha conference itself offered the spectacle of participants motivated by political considerations rejecting one proposal after another put to them by the Egyptian rapporteur, Mr Ismail Sabri Auda, for the very purpose of securing a minimum degree of objectivity in the issue of international currency.

Paul Fabra

Quiet marriage bureau

The EEC's social calendar is not cluttered with details of arranged marriages between European firms. There are no queues at the door of the Community Business Cooperation Centre, which was opened in 1973.

In efforts during 1978 and 1979 led to the conclusion of 36 cooperation agreements involving 85 small or medium-sized businesses from the countries of the Nine. The companies concerned were drawn from a variety of industries (plastics engineering, chemical engineering, data processing, footwear, and so on) and the contracts signed generally covered exchanges of technology and licensing, reciprocal distribution and joint sales arrangements.

As a result these agreements are between two partners, but in some cases cooperation arrangements are set up between as many as five small or medium-sized businesses.

As well as acting as a marriage bureau when asked by a company to find it a partner, the centre has authority to act on its own initiative. In its

report covering 1978 and 1979, it dwells at some length on its action in the banking sector which led to the formation of the European Group of Banks consisting of 10 medium-sized banks (two Belgian, two French, three Italian, one German, one Danish and one Dutch). It also mentions its co-ordination work aimed at improving the organization of subcontractors' trade fairs (eliminating clashes of dates, for instance).

Finally, the centre has launched a campaign to set up an association of European manufacturers of decorative fittings for luxury hotels and company head offices, the aim being to pool their resources in order to promote exports, especially to the North American market. In the next few years it intends to devote particular attention to promoting cooperation between small and medium-sized businesses in the Nine and others in the next member state of the Community—Greece—and the two other applicant states, Spain and Portugal.

M.S.

Arresting EEC investment fall

Lomé offers new chance

The Brussels authorities have been trying for several years to persuade the EEC member states that it is necessary to set up a Community system to promote and protect European investments abroad. Are they at last going to succeed?

In 1972 they approached the national governments with a view to establishing arrangements covering all non-member countries. A veto from the Nine caused the idea to be abandoned very quickly. But in 1978 it found its way back on to the table of the Council of Ministers, this time in the form of a plan concerned only with the developing countries, during negotiations on the renewal of the Lomé Convention between the EEC and the African, Caribbean and Pacific (ACP) countries.

The proposal, submitted by M. Cresson, the member of the Commission responsible for cooperation, was ambitious: on the one hand, inclusion in all agreements concluded with the developing countries of a general clause on the protection of European investments in those countries and, on the other, provision for conclusion of specific arrangements for particular investments, which could be covered by guarantees granted out of the Community budget.

The latter point was immediately dismissed by Paris, Bonn and London and this blocked the initiative, despite the interest it had aroused in the other capitals.

As a result, the second Lomé Convention stipulates merely that the ACP states should accord the same treatment to member states' investments and open the way for conclusion of agreements on protection of investments in the mining and energy sectors.

Why is it that the larger countries of the Community—France, West Germany and the United Kingdom (but not Italy)—are more than reluctant to grant Community cover to European investments in the developing countries? The simple answer is that they consider that they do not need the Community's help in protecting their investors.

These three countries have, in fact, had their own guarantee systems for some 20 years. West Germany has concluded about 30 agreements, France and the United Kingdom rather fewer, but then the existence of the ACP states gives them more than adequate guarantees in the countries within them. They have been building up their export credit insurance systems, whereas a country like Italy still has none of its own.

The situation is complicated by the attitude of many developing countries, such as Nigeria, which are not prepared to offer guarantees against political and financial risks.

Arrangements made with other developing countries

(South-East Asia, Yugoslavia, Brazil) are just as acute as those contained in the Lomé Convention. The p drawn up with the Arab countries are alone in seeming to be realistic and workable. Admittedly, the need to protect assets in Europe gives assets in Europe sufficient reason to be interested. But with political factors keeping Euro-Arab relations at a standstill, it is possible to judge how effective the proposed system might be.

Discussions are still going on among the Nine about the terms of the agreement with the other developing countries. A recent meeting drawn up by the secretary of the Council of Ministers the EEC neatly summarizes the delaying tactics adopted by some delegations (by France and the United Kingdom) consider investment is a matter of within the exclusive competence of the member states while others (West Germany and the Netherlands, which has signed a significant number of agreements with the developing countries) are content to compromise what have achieved at the bilateral or national level.

The Commission, on the other hand, takes the supported by member states, that it is not on desirable to extend the competence of the EEC in this (agreements) to the detriment of the countries of the Andean Group, India and China), but also to demonstrate that useful results can be achieved at Community level.

The second Lomé Convention gives the Commission the opportunity to do this, placing at the disposal of the European Investment Bank (EIB) the sum of 200m (about £120m) to be spent on direct investment in the mining and energy sectors.

The Commission's staff working on plans for such EIB-financed projects, the first of the Nine, they hope—with the aid of the decisive impact Community schemes will have on the investment in the field of the EEC.

According to the Commission, the most urgent action is needed in the field of European investment in the developing countries, some industries, especially in the mining and energy sectors, are actually threatening to be abandoned. At the same time the Community's supplies of materials are in the balance. It supports this contention with the following figures: b-1979 (= 100) and 1977, the for investment by the NI to 87.3, while the rate rose to 130 respectively in 1978 of the United States and

Marcel S

Gossip

High cost of office

Some extraordinary dealings are going on over the building of the new offices for the general secretariat of the Council of Ministers of the EEC. This is an affair in which the Belgian Government has been wheeling and dealing at every stage, at every turn. A special contract is admittedly at stake. At current rates, it is worth between 5,000m and 7,000m Belgian francs to be paid in rent by the member governments in other words the European taxpayer.

Feeling unable to decide on a solution which was acceptable to all, the Nine placed the matter in the hands of the Council of Ministers. The Belgian Government was given the task of appointing the group to take charge of the operation, although they specified that it had to seek the opinion of the Council of Ministers.

From the outset of the selection procedure, several member states had the uneasy feeling that, consultation or no, the Belgian authorities had made up their minds to favour a Belgian group and therefore not to consider competitors from other Community countries. The Dutch and French said this in so many words and thus managed to get rather more normal competitive conditions reestablished at least temporarily.

Subsequently, the wrangle between Belgium and the member states flared up again. Five designs submitted by three groups (two Belgian groups, CEI and Just Lipse) and one international group, Westland Utrecht, eventually got past the various obstacles in the selection procedure. The Council of Ministers gave its official opinion in May, stating that, for reasons of practical convenience, it is by far preferred one of the two designs put forward by Westland Utrecht.

It circumspectly insisted that the Belgians should take careful account of this choice. As luck would have it, this happened to be a design which the official Belgian town plan had explained was in line with the preference for one of the two designs.

The attitude adopted by Belgian officials was—ar is—suspected of self-interest. It is the partner in the design as matters reached. The new Minister for Public Works, Chabert, is in an embroiled position. Can he do without administration seems to be a disaster.

Given by the main party, the future user, the Council of Ministers the result that the finally gives up the renting.

The attitude taken by staff committees on behalf of the general secretariat, or so employees will help M. Chabert to his mind. Like Inter-Environment, the ecologists' representative organization, the committee rejects all five designs selected.

According to the whom it consulted, the designs in all the designs are intolerable administrative matters. It accuses the Council of Ministers of ducked its responsibility passing the matter over to Belgium and also con that it has not follow recommendations of the Court of Auditors recently called for a change in the Commission policy on premises, so from renting to buying.

Indeed, the Court of Auditors has good reason to be concerned about the le rents. According to its official opinion in May, stating that the council will have annual payments corresponding roughly to 10 per cent building cost for 30 years. Allowing for the in revisions of the cost project, this will mean 1,000m Belgian francs Dear Europe.

Philippe Le

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VICTORY FOR THE GERMAN CENTRE

If the Christian Democrats had won the West German election on Sunday, their policies would not have been quite as different from those of the present coalition as their enemies feared and their friends hoped. In particular any British Tories who yearned for Herr Strauss would probably have been disappointed. Herr Strauss is not a German Mr. Thatcher. It is not as ideological in economic affairs, and he would not have changed more than the emphasis in West Germany's foreign policy.

He would have continued the eastern policy though somewhat through clenched teeth, and he would not have been the uncritical Atlanticist he pretended to be in the election campaign. He is as unhappy as Herr Schmidt with the Americans, and there is far more Gaullism in his background and present thinking than there is in Herr Schmidt's. Indeed there is very little to justify the suspicion sometimes expressed in London that Britain is somehow disadvantaged in Europe by a Franco-German front. Britain's weakness in Europe is entirely of her own making and is regretted as much by Herr Schmidt as by President Giscard d'Estaing.

Hence the victory of Herr Schmidt's coalition is welcome not because it provides a sharp contrast to the alternative, but because it offers stability, continuity and experience through a period which is certain to be difficult. Herr Strauss was regarded by the majority of West German voters as too unattractive, unpredictable and divisive to be chosen. At the same time, Herr Schmidt's party did not earn any significant

increase in its votes. The result was a victory for the centre.

This means not just a victory for the small Free Democratic Party which was the only party to make significant gains, but also for the broad proposition that each of the big parties must resist the pull from its own wing if it is to win votes. The Free Democrats have a smaller proportion of regular voters than do the larger parties. They rely on the floating centre.

In the previous two elections they had drawn these floating votes mainly from Social Democrats who wanted a brake put on the left wing. On Sunday they drew a substantial number from Christian Democrats who could not bring themselves to support Herr Strauss.

Of course their power is totally out of proportion to their numerical support. With only 10.5 per cent of the vote they can make or break the government and, within reason, dictate their own terms for the programme of the coalition. But even in a system of direct representation it is the floating voters who mostly decide the result. The disadvantage is that they then swing the entire balance of power to one side or the other.

In West Germany's system they are more truly represented by a Centrist Party which then also enjoys the power to prevent wide swings of the pendulum. This power could be dangerous if the Free Democrats were an irresponsible party but they are not, because they know that if they were they would get fewer votes or find the big parties joining forces against them. They maintain their position because they can provide their

climbers with a worthwhile political career, so they attract ability, and because they know that their survival depends on drawing votes from the big parties towards the centre.

Since last Sunday they will have to be more sensitive to the Christian Democrats. This also means that a change of coalition partner, becomes in principle easier to contemplate. However the situation is clearly to stick with the present coalition for the next four years. A break is likely only if Herr Schmidt steps down for reasons of health or principle and if life with the left then becomes intolerable. The Free Democrats are liberal in the traditional sense of being against monopolies of power and excessive state intervention in the productive side of the economy. Although the left wing Social Democrats are much less interested than their British counterparts in nationalization and trade union power they are interested in more state control over investments. There could be friction here and over other areas of domestic policy, as well as defence and nuclear energy.

As at present constituted, however, the coalition looks well able to work out its programme. It is the Christian Democrats who will have to do the soul searching. They drew their votes disproportionately from among the old and the unskilled. Before the next election they will be looking not only for a new candidate but also for greater appeal among the younger and more educated sections of the population, who also form a significant part of the floating centre.

AFTER BLACKPOOL, BRIGHTON

Mrs Thatcher has every reason to be thankful that one of the traditions of British politics is for the Conservative conference to follow the Labour gathering. Had it been otherwise, had Brighton this week preceded the shambles of Blackpool, the Conservative leadership might well have been considerably embarrassed. The National Opinion Poll yesterday gave Labour a lead of eleven per cent, but more serious for the Government than that was the fact that a majority of those questioned now regard unemployment as the most important issue facing the country.

This is damaging for the Government partly because the Conservatives are not widely believed to be the party best fitted to deal with this particular problem—a poll by Gallup yesterday found 75 per cent disapproving of ministers' handling of the employment issue—and partly because the Government's whole economic strategy is based on the judgment—which we would share—that inflation is the greater threat and that it must be squeezed out of the economy even at the cost of higher unemployment for a time.

The fear that the Government may not be successful in its economic policy will be the great underlying anxiety at Brighton this week. The policy is attacked from two angles. The social and

industrial cost is said to be too high even if it ultimately achieves its objective. The effects of high interest rates, high unemployment, welfare and education spending cuts, and the increase in company bank-ruptcies are all adduced as supporting evidence for this argument. There is also the doubt, which is now heard more frequently, as to whether the policy will ever achieve its economic purpose.

It will be interesting to see how many of these anxieties come to the surface at Brighton. Will there be a searching assessment? Or will the Tory business managers once again display their customary skill in muffling criticism? But while the answer to that question will be interesting, it will now matter less because of what happened to Labour at Blackpool last week. That catastrophe has removed the immediate political pressure on the Government. After watching that occasion, few people will suppose that the present administration is plunging headlong to defeat.

By comparison with the Shadow Cabinet at Blackpool, Cabinet ministers at Brighton will look serenely in control of themselves and even of events. Yet part of that impression may be an illusion. Ministers may reasonably feel more confident

after Blackpool: it looks as if the standards of performance they will have to meet in order to be re-elected will be less exacting, and that should help them to boost the morale of their supporters. But they will still ultimately be judged by events, and there can be no assurance as yet as to what that judgment will be.

Anxiety over the economy may well strengthen criticism of the Government's policy on industrial relations. This will be one of the key issues at Brighton because the mood there may have some influence on the contents of the Green Paper that is expected to be published before the end of the year. Paradoxically, the effect of Blackpool may be to make the Conservative rebels feel that they can press their case on this issue without danger of doing too much political damage. Another effect of Blackpool on the Brighton proceedings will be to increase the importance of today's debate on the House of Lords. After the blood-curdling threats that were issued from the platform last week, it is now all the more evident that the country needs a second chamber so secure in its command of public confidence that no government could dare to abolish it—which means these days that it must be based on the principle of election.

AN ELECTORAL THREAT TO PRESIDENT EANES

In returning the government of Senhor Sá Carneiro with an increased majority, the Portuguese voters have given a clear endorsement of his policy of political and economic reform. It was only by a quirk of the constitution that a new election had to be held so soon, ten months after the last one, but the intervening period has enabled the government to make a start on its programme, and its policies have been remarkably vigorous, one, in which, the opposition parties did everything they could, not only to criticize the policies of the Democratic Alliance, the government coalition, but to attack Senhor Sá Carneiro personally. The upshot was a victory for the government, a clear setback for the Communists, and a disappointment for the Socialists, who were virtually able to maintain their position but not to recover the losses they suffered last year.

The result was further evidence of the country's desire to turn its back on the leftist policies followed in the aftermath of the 1974 revolution, and particularly those of the far left. The Democratic Alliance, a centre-right grouping, is com-

mitted to reversing many of the decisions of that period—the nationalization of banking, insurance and industry, for instance, and the collectivization of land—and in general to reducing the role of the state in the economy. Since taking office it has speeded up the process of handing back land that was taken over to its former owners and paid compensation for nationalized assets. It has lowered taxes and succeeded in reducing the rate of inflation.

It has not been free, however, to carry out the full range of its programme because of opposition from President Eanes and the Council of the Revolution, based on the constitution. The constitution, which came into effect in 1976, specifically commits Portugal to a socialist course, and President Eanes, backed by some of the more leftist army officers, has been able to use it to justify vetoing some government legislation. This has led to bad blood between Senhor Sá Carneiro and the President, and to a determined campaign by Senhor Sá Carneiro not only to revise the constitution but to unseat President Eanes in the Presidential election in December.

To revise the constitution Senhor Sá Carneiro has either to obtain a two-thirds majority in Parliament—which he cannot get without cooperation from the Socialists—or a plain majority in a referendum. But a referendum can only be called by the President and so, since he cannot count on President Eanes, Senhor Sá Carneiro has put up a candidate of his own, General Soares Carneiro, for the election in December. General Soares Carneiro, a man of right-wing views, is relatively unknown, whereas President Eanes, who has Socialist backing, is very popular. But Senhor Sá Carneiro hopes that General Soares Carneiro will profit from the Democratic Alliance victory; and as a further argument to the voters has said that he himself will resign if President Eanes is re-elected.

The immediate prospect, therefore, is of a further pre-electoral period, with the bitterness which tends to characterize Portuguese politics, and a degree of uncertainty until the presidential election is over. The voters have shown their preference for Senhor Sá Carneiro's government and its policies, but political stability is still some way off.

Our building heritage

From the Chairman of the Historic Buildings Committee, Greater London Council

Sir, There is I believe cause for concern about the Government's policies for historic buildings in London alone. Various decisions taken recently seem to me inconsistent.

In one week, the minister accepted the destruction of the symmetry of the Natural History Museum (Grade I) but refused to permit a comparatively modest ticket office within the museum's grounds. More recently, to prevent the centre of the Firestone building (recommended by the local authority for listing) being demolished, but as if at random, two

of the many other factory buildings of similar date were hastily listed without explanation.

The Jubilee Hall in Covent Garden was only "spot" listed as the result of public pressure, not on grounds of architectural importance, but because the community wanted it as a sports hall, while there appears to be no such reserve for a whole block of eighteenth-century listed houses including Flaxman's House in Greenwell Street, planned by Westminster City Council's light to redevelop the site.

Several important country houses (Grade I or Grade II*) such as Goringham in Southgate, Froggall House in Sidcup and Swakeleys in Hillingdon are in serious danger from the Government's policy of listing. The National Heritage Memorial Fund, seem to show much concern.

Money is available for the arts, but not for historic buildings. The Historic Buildings Council does excellent work but with totally inadequate funds. In London the GLC Historic Buildings funds are minute in relation to the needs of London. This is why the GLC has started the Heritage of London Trust which I hope will achieve support from industry and commerce in London.

The Government should give a lead in these matters and should carefully monitor the listing and the maintenance of Historic Buildings. Both these functions at present seem to be conducted on a "hit or miss" basis. Yours faithfully, WILLIAM BEIL, Members' Lobby, The County Hall, SE1. September 30.

Still not the last of the big spenders

From the Deputy Director-General of the CBI

Sir, The idea seems to be gaining currency that in his drive to contain over-spenders like the Islington and Lambeth of this world, the Government has punished all local authorities. Don't let us shed tears for too many of the remainder. They may not be in the same league as the big spenders, but many are setting their budgets far too high. There is still plenty of room for increased efficiency and reductions in spending in local government, as "value for money" surveys have already shown.

Town halls are still free to spend whatever they choose. Central Government is simply rationing the amount of money it gives them. That is scarcely unreasonable at a time of financial stringency. Local authorities must cut their coat according to their cloth. This is not trade and industry which has to forgo the luxury of the Government's counter-inflation policies—has had to do. If the town halls did the same, it would reduce the pressure on rates and on the Public Sector Borrowing Requirement, and hence on interest rates.

However, councils which are unwilling to act with moderation can increase council rents, increase charges for their many services, or put up with swimming baths and/or increase rates. But they may well ask themselves whether this does not lead to a "no-go" area, since it would increase the burden on all ratepayers—not least house-rate payers, who view the prospect of rising rates with nothing less than horror.

As the late Anthony Crosland succinctly put it, the party's "no" is not enough to counterbalance any further "parties". Councils and council officials must learn to spend ratepayers' and taxpayers' money like they spend their own—with care.

Yours faithfully, B. RIGBY, Confederation of British Industry, 103 New Oxford Street, WCL.

Grand hotel

From Mr Norman Barrymaine

Sir, With nostalgic pleasure I read a dispatch (September 26) from your Singapore Correspondent (in my day Times men did not file stories) that Raffles Hotel may still be saved and restored to its former glory. I suppose that it will be much to hope that the famous verandah, where guests and residents drank their Singapore gin slings and at night danced to an Australian jazz band, will be opened up to the breeze off the South China Sea.

Enduring interest in this famous hotel is because I lived in it for six months in the latter half of 1920. Somerset Maugham had not then slept in room 98 and so far as I can recall (but old men do not usually have a very good memory) the hotel was very gay. Kipling, staying in the hotel. He may have been a guest in later years.

Nor had Raffles been discovered by the foreign correspondent. They came in the Second World War with O'Dowd Gallagher (who wrote the most brilliant story of the war about the sinking of the Prince of Wales), Carl and Shelley Mayhans of Time-Life, Martha Gellhorn and Ernest Hemingway.

In 1920 the fashionable hotel in Singapore was the Raffles, which was opposite the Club and where the Supreme Court and City Hall now stand.

The second anniversary of the Armistice was celebrated by the ex-Servicemen with a dinner at the Raffles. It was a very gay affair. At midnight the ex-Servicemen walked very unsteadily to the bar, including the mirrors. No one tried to intervene and the management did not even bother to call the police. The culprits were White Men! The next morning the ex-Servicemen received from the management a bill for the damages. They promptly paid. Honour was satisfied. Beethoven did not begin on the terraces at Anfield Road.

On Christmas Eve, 1919, a poker game started and went on non-stop, except for a break for church on Christmas Day, for four days. It is unlikely to see those days again. Gone, too, are the days, never to return, when the Chinese in Singapore called themselves the King of the East. The Chinese of the Japanese in February, 1942, these loyal people wept. They guarded the houses of the British and when the Japanese Army left the island in 1945, everything was intact. I am, Sir, Your obedient servant,

NORMAN BARRYMAINE, Quardier Le Launon, 83620 Bargemon, Var France, September 27.

Victims of aggression

From Mr Andrew Crichton

Sir, I feel I must protest most strongly to the four Iranian gentlemen who had the audacity to complain (October 2) about the aggression of Iraq and labelled such action "a flagrant violation of international law". I do not for one minute condone the action of Iraq, but would like to remind these gentlemen, whose memories seem rather short, of another violation of international law: the taking of certain hostages, which has yet to be resolved. This action, while seemingly non-violent, does constitute an undoubted act of unprovoked aggression and is a flagrant violation of international law.

Finally it would seem unfair to criticise the western press for an editorial policy which highlights the wider implications of the war as the flow of oil and regional stability are of the utmost importance. A war such as this challenges the time balance of power worldwide and therefore makes important reading. Yours faithfully, ANDREW CRICHTON, 4 Alderney Street, SW1. October 2.

LETTERS TO THE EDITOR

Labour points moral for Conservatives

From Mr Chris Gunt

Sir, As a lifelong Conservative I express the hope that the Party Conference resists the temptation to pour scorn on Labour's divisions and disarray, but instead concentrates its attention on the Government's problems.

Mrs Thatcher and her colleagues have nothing to crow about having failed totally on the key issues of economic and industrial policy. Monetarism has neither worked in practice or achieved the Government's objectives. Either it is an unworkable theory or its advocates in the present administration are completely incompetent at implementing it.

The present deep recession has apparently been deliberately worsened by the Government's fiscal policy. Efficient firms are in great difficulty and bankruptcies are at record levels. Rather than mitigate the effects of the world recession the Government is maximising its impact. This benefits nobody, least of all the unemployed who are a stark testimony to the waste and futility of the Government's present strategy.

Surely the time has come to abandon the present narrow theoretical approach and pursue alternative policies which are more realistic and more effective. They are the only answer if your policy is in tatters. It is time for Mrs Thatcher to stop her lemming-like rush for the precipice, and realise that the British public would prefer a change of direction to policies that can only destroy more and more jobs and businesses.

Yours sincerely, CHRIS GUNT, 25 Franklin Avenue, Hartley Wintney, Hampshire.

From Mr C. B. Neilson

Sir, Are there two (political) moles in the House of Commons? Mrs Thatcher seems determined that the present Tory government shall be the last, while Mr Benn (the former Lord Sainsbury) seems hell-bent on perpetuating the present government. Yours faithfully, C. B. NEILSON, 10 Chestnut Walk, Little Common, Bexhill-on-Sea, East Sussex. October 3.

From Mr D. S. Crighton

Sir, I have read with interest Anthony Wedgwood Benn's recent comments on additional nationalization of British industry and feel I must make the following comments: Prior to the nationalization blight created by Benn and his colleagues in February, 1974, I was Chief Executive of the London Graving Dock Company Ltd, which employed more than 1,000 people on the Thames engaged in repairing British and foreign flag ships. As a result of Benn's misguided and misguided management, some 1,000 jobs were taken into public ownership in September, 1977. Prior to that date my company had survived from 1890 and until 1972 had an unbroken profit record of 23 years; few companies could better such an achievement.

Slightly before the last Government handed my company over to the "bureaucrats" I resigned, together with more than a dozen senior executives and a middle management, some emigrated to Australia, Canada and New Zealand; others left the industry and five came with me to form a new ship-repairing entry.

Those of us that remained in the United Kingdom became "fugitives from nationalization" and were forced to leave our native Thames-side and to take over a derelict shipyard in Scotland and start all over again.

Within three years our old company had been totally wrecked and its sales reduced by more than half. Losses were incurred of more than £5m and as a result ship-repairing on the Thames was closed down; 1,700 employees lost their jobs.

MIND and its work

From Professor Sir Martin Roth

Sir, In their reply to my letter (September 23), Lady Bingley and her colleagues (September 20) and Mr Christopher Price (September 29) repeat once again their allegations against the staff of Broadmoor. They ignore the criticisms voiced from many quarters of the staff of Broadmoor in recent years against a number of psychiatric hospitals and the staff who work in them. They make no reference to the current of events at the Charing Cross Hospital, the only example I was able to describe for reasons of space.

Mr Price attributes to me views I have nowhere expressed. I did not state that police investigations had to be completed before any criticisms were voiced. But one has the right to expect the hard-headed staff of Broadmoor and other hospitals should not be pilloried in newspaper articles that emanate from MIND on the basis of inadequate and one-sided evidence. I have said "one-sided" because the views of those whose reputation has been sullied have neither been sought nor represented in a balanced way. The cases that have been brought to my attention, moreover, although I respect the integrity of Lady Bingley and her colleagues, one has a right to expect a higher standard of accuracy in public statement than that which necessitated the correction from Mr Hale of the Department of Health and Social Security (September 27) regarding the case MIND had taken to the European Commission on Human Rights.

As the staff of Broadmoor Hospital are precluded by their pledges as Civil Servants from any public defence of their actions that would place the facts in proper perspective, it is time that their achievements were brought to public notice. Of the 720 patients in the hospital at the present time more than a quarter have committed homicide and attempted murder; other major violence, serious sexual offences and arson had led to admission in the remainder. The staff therefore care day and night for the most seriously disturbed and dangerous patients in any hos-

Roman Catholics

and crime

From Father Joseph Doherty

Sir, "If the factor behind it could be isolated and treated, a substantial cut in the crime rate and the prison population might be achieved," writes Clifford Longley. The dilemma over Roman Catholic delinquents, *The Times*, October 31. And the former secretary of the Catholic Church's social Welfare Commission "knew of no research which had convincingly explained it." To me all this is not in the least surprising. The reasons are not only sociological but also, would you believe it, religious.

Until very recently, our church was almost obsessively concerned with theological orthodoxy and almost neurotically pre-occupied with the observance of its laws. Together with a highly individualistic and frequently superficial type of "devotion", it was hardly surprising that so many of our people were ill-equipped to face the real world. No reflective Catholic who has been brought up in its highly-institutionalized system needs a microscope to observe the severe weaknesses we have suffered from at the human level. The human need for community and friendship, for example, is just as necessary as theological truths. Fortunately, the Church has become aware of this. The Second Vatican Council was its effort to correct the imbalance at the root. And there are many who have committed ourselves to this urgent if painful task of renewal.

With this new vision, having experienced some years of humiliation, the Church now feels more hopeful and more able to be at the service of people. Yours respectfully, JOSEPH DOHERTY, CSSR, St Mary's Convent, Lowestoft, Suffolk. October 3.

From Mr J. Kentleton

Sir, Before the image of Mr Benn as a potential Franklin D. Roosevelt takes too strong a hold on the popular imagination (Oct 3), it should perhaps be pointed out that the latter did not seek to abolish the Senate; he sought to curb its power. His political career was not ended by his over-constitutional revision and membership reselection; owed, indeed, some of his undoubted legislative achievements to Senate initiatives which he felt compelled to endorse. He was a vice versa; endeavoured to sustain a mixed economy and increase international cooperation; and throughout the initial "One Hundred Days" consulted widely, gained public approval and generally acted in a spirit of what one termed "bold, persistent experimentation" remarkably unlike the doctrinaire rigidities now promulgated.

Incidentally, as a necessary preliminary, he had, of course, to win election. Yours faithfully, JOHN KENTLETON, School of History, University of Liverpool, 8 Abercromby Square, Liverpool. October 3.

From Miss Enid Lakeman

Sir, Please will Sam Wapshare explain how he thinks (Oct 3) that a Labour government could be "explicitly elected by the people" to abolish the House of Lords? Even if that government did have the general support of more than half the voters, which no one party has achieved since 1906, an election under our system would afford no evidence as to how many of those people heartily approved of abolishing the Lords and how many disapproved but would risk it for the sake of turning out the Conservatives.

For proof of the people's wishes we need either a referendum or an election under a system that would give voters a free choice between Labour candidates like Tony Benn and Labour candidates like Shirley Williams.

Yours faithfully, ENID LAKEMAN, The Electoral Reform Society, 6 Chancery Street, SE1.

When it was discovered that cancer and cigarette smoking were joined, I burned all my pipes in the kitchen in front of my sons in the Sunstar boiler cooker, and slammed the door shut, trying to smother the effect; neither have smoked. I feel strongly that cigarettes should be presented honestly as they are. Yours sincerely, JOHN BRATBY, The Cupola and Tower of the Winds, Belmont Road, Hastings, East Sussex.

Before the fridge

From Mr Kenneth Monkman

Sir, The London Journal of November 24, 1973, reports that a curious ice house is being built in the Green Park for the Royal Family. In January 12, 1734, it adds, the ice house was filled with cartloads of ice from the Canal. Yours for the record, KENNETH MONKMAN, Shandy Hall, Cowfold, York. September 30.

Aware of the bull

From Mrs D. Watkins

Sir, Some 20 years ago my husband played cricket with a village club in the country. The pitch was protected by electric wire but the outfield was grazed by a bull who wore a thick leather hood, which allowed him to see only what he was grazing. A bull tiddled when he raised his head. As slowly he ambled around the field the fielders proceeded or discreetly followed. The batsman who hit a good ball in his direction were awarded a four and no more because it usually took a few minutes to retrieve the ball. Tea was only taken when he was at the far end. We were certainly all very aware of the bull. Yours faithfully, D. WATKINS, Beech Hill, Church Street, Brixworth, Northampton. October 2.



COURT CIRCULAR

BALENAIR CASTLE
October 6: By command of The Queen, the Lord Cullen of Aghabourne (Lord in Waiting) was present at Heathrow Airport, London, this morning upon the arrival of the President of the Islamic Republic of Pakistan and Begum Zia-ul-Haq and welcomed their Excellencies on behalf of Her Majesty.

BUCKINGHAM PALACE
October 6: The Princess Anne, Mrs. Mark Phillips and Captain Mark Phillips, attended a Reception at New Zealand House, London, this evening to mark the Tenth Anniversary of Independence Celebrations. The Princess Anne, Mrs. Mark Phillips and Captain Mark Phillips, attended a Reception at New Zealand House, London, this evening to mark the Tenth Anniversary of Independence Celebrations.

Forthcoming marriages

Mr. R. J. Langford
and **Miss C. R. Doyle**
The engagement is announced between Richard, younger son of Mr. and Mrs. C. Langford, of Longwood, Hampshire, and Catherine, daughter of the late Mrs. A. Doyle (née Ruml) and Brigadier R. J. Doyle, of Brockenhurst, Hampshire.

Mr. S. C. Sheldon
and **Miss F. J. McManis**
The engagement is announced between Stephen, youngest son of Dr. Dennis Sheldon, Tower Hill, Kidlington, Oxford, and Fiona, elder daughter of Mr. and Mrs. David McManis, Wetherfield House, Dedham, Colchester, Essex.

Mr. D. H. Worswick
and **Miss P. D. Sammons**
The engagement is announced between David, son of Colonel L. H. Worswick, retired, OBE, of Tunbridge Wells, Kent, and the late Mrs. P. D. Sammons, daughter of the late Mr. A. Sammons, CBE, and of Mrs. M. M. Sammons, of Chesham, Gloucestershire.

£10,000 bond winners
Winning numbers in the draw for £10,000 Premium Savings Bonds, announced yesterday, were: 11PK 331799 (winner live in Essex); 8TW 968363 (Lancashire); 12WZ 579690 (Merseyside); 17WS 737709 (Waltham Forest, London); 8XB 657811 (Devon).

Latest wills

Mr. Patrick Huber
leaves £148,689
Mr. Patrick Huber, of Milton Keynes, Buckinghamshire, association editor of the *London Times* and former city editor of the *Sunday Telegraph*, left estate valued at £148,689 net.

Mr. William Worswick
leaves £148,689 net
Mr. William Worswick, of Tunbridge Wells, Kent, left estate valued at £148,689 net. He left £10,000 and the choice of one of his houses to his widow, Mrs. Worswick, and the residue to his daughter, Mrs. P. D. Sammons.

Other estates include (net before tax): Mr. Alfred George, of Weymouth, Dorset, left estate valued at £123,683; Mr. Joseph Gerard, of Haverhill, Cambridgeshire, left estate valued at £117,434; Mr. John Albert, of Chesham, Bucks, left estate valued at £117,025; Mr. John Henry, of Ripon, North Yorkshire, left estate valued at £117,025; Mr. Herbert Thomas, of Penzance, Cornwall, left estate valued at £117,025; Mr. John Leonard, of Dorchester, Dorset, left estate valued at £117,025; Mr. John Douglas, of Bath, left estate valued at £117,025; Mr. Samuel John, of Basingstoke, Hants, left estate valued at £117,025; Mr. John Edward, of Kensington, London, left estate valued at £117,025; Mr. John Seymour, of Upton, Dorset, left estate valued at £117,025.

Law Report October 6 1980

Malus animus in law of forgery: constable's conviction upheld

Regina v Turner (Basil)
Before Lord Lane, Lord Chief Justice, Mr. Justice Stocker and Mr. Justice Gidwell.
[Judgment delivered October 5]

A police officer was rightly convicted of forgery of witnesses' statements which he had manufactured and signed in order to obtain a conviction for a constable's conviction upheld.

The Court of Appeal dismissed an appeal by the defendant, Basil Turner, aged 33, of Cardiff, a constable stationed at Cardiff, from conviction at Cardiff Crown Court (Mr. Justice Wynn) on two counts of forgery contrary to section 3(1)(f) of the Forgery Act, 1913, and two of uttering a forged document contrary to section 3(1)(g). He was fined £50, with seven days in default on each count.

Section 3(1)(f) provides: "A person who forges a document, or a part of a document, with intent to defraud or to obtain a benefit, shall be liable on conviction on indictment to imprisonment for a term not exceeding ten years, or to a fine not exceeding £5,000, or to both."

The defendant was charged with forging a statement made by a witness to a crime, and with uttering a forged document. The statement was a statement made by a witness to a crime, and the defendant was charged with forging it and with uttering it.

The defendant was charged with forging a statement made by a witness to a crime, and with uttering a forged document. The statement was a statement made by a witness to a crime, and the defendant was charged with forging it and with uttering it.

Phillips and Captain Mark Phillips
attended by Miss Victoria Legge-Bourke and Major Nicholas Lawson, were present upon arrival at the Airport by His Excellency Mr. J. D. Gibson (High Commissioner for Fiji).

KENSINGTON PALACE
October 6: The Duke and Duchess of Gloucester were present at an event at a Concert at Westminster Abbey given by the Commonwealth Philharmonic Orchestra and the ZimbaBwesi, to commemorate the centenary of the birth of Ernest Bloch, and later attended a Reception at New Zealand House, London.

Lieutenant Colonel Simon Bland and Mrs. Eileen McCrquodale were in attendance.

Birthdays today

Lieutenant-General Sir George Collingwood, 77; Mr. Joseph Cooper, 68; Air Chief Marshal Sir Philip M. G. S. Edwards, 78; Mr. R. B. S. Roberts, 59; Mr. Terence Hodgkinson, 67; Lieutenant-General Sir Derek Lang, 64; Mr. J. A. M. Aubrey Mansergh, 62; Sir Christopher Marmont, 91; Sir Harry Platt, 94; Major-General Desmond Smith, 69.

Marriage

Mr. J. G. Dawes
and **Miss A. E. Broughton**
The marriage took place on Saturday, October 4, at St. Mary the Virgin, Kent, between Mr. J. G. Dawes, son of Mr. and Mrs. John Dawes, of Herne Hill, Kent, and Miss A. E. Broughton, daughter of Mr. and Mrs. A. E. Broughton, of Herne Hill, Kent.

Latest appointments

Mr. J. G. Dawes
and **Miss A. E. Broughton**
The marriage took place on Saturday, October 4, at St. Mary the Virgin, Kent, between Mr. J. G. Dawes, son of Mr. and Mrs. John Dawes, of Herne Hill, Kent, and Miss A. E. Broughton, daughter of Mr. and Mrs. A. E. Broughton, of Herne Hill, Kent.

Treasures of Jewish history on show

From John Charlton
An extensive exhibition of Jewish art treasures borrowed from the State Jewish Museum in Prague opens today in Manchester.

Professor Reginald Dodwell, director of Manchester University's Whitworth Art Gallery, has spent eight years negotiating the loan of 300 exhibits, including synagogues, ritual objects, and paintings, from the State Jewish Museum in Prague. The exhibition, which is the first of its kind in Manchester, is a testament to the rich cultural heritage of the Jewish people.

The exhibition, which is the first of its kind in Manchester, is a testament to the rich cultural heritage of the Jewish people. It features a wide range of artifacts, including synagogues, ritual objects, and paintings, which are displayed in a series of galleries.

British bridge challenge gathering momentum

From a Bridge Correspondent
Vallejo, Oct 6

The long drawn out qualifying round for the 1980 British Bridge Championships is gathering momentum. The competition, which is the first of its kind in the world, is a testament to the skill and strategy of the participants.

The competition, which is the first of its kind in the world, is a testament to the skill and strategy of the participants. It features a wide range of challenges, including qualifying rounds, semifinals, and a final.

Luncheon

Prime Minister
The Prime Minister was host at a luncheon held at 10 Downing Street yesterday in honor of the President of Pakistan. The other guests were: Mr. S. S. Khan, Minister of State for External Affairs, Pakistan; Mr. S. S. Khan, Minister of State for External Affairs, Pakistan; Mr. S. S. Khan, Minister of State for External Affairs, Pakistan.

Dinner

Admiral Lord
The Admiralty Board entertained a dinner at the Admiralty House, Whitehall, last night. The guests were: Mr. S. S. Khan, Minister of State for External Affairs, Pakistan; Mr. S. S. Khan, Minister of State for External Affairs, Pakistan; Mr. S. S. Khan, Minister of State for External Affairs, Pakistan.

Today's engagements

The Duke of Gloucester, as president of the Royal Horticultural Society, will be at the Society's dinner at the Royal Albert Hall, London, 12.30. The Duke of Gloucester, as president of the Royal Horticultural Society, will be at the Society's dinner at the Royal Albert Hall, London, 12.30.

25 years ago

From The Times of Friday, Oct 7, 1955
Idle workmen
At last someone has said it. And making it even more salient, the speaker was a Labour MP. Mr. George Brown, Minister of Industry and Commerce, said that the idle workmen were a problem for the country.



The Torah Coven of 1900, set with amethysts and topaz, being placed at the exhibition.

Receptions

HM Government
Mr. Malcolm Kirkland, Minister for Home Affairs, and the Environment, will be at a reception at the Scottish Office, held at a reception at the Scottish Office, held at a reception at the Scottish Office.

Meeting

Canning House
Lord Canning, vice-president of the Canning House, will be at a meeting at the Canning House, held at a meeting at the Canning House.

OBITUARY

MISS HATTIE JACQUES

Comic personality of stage, films and television

Miss Hattie Jacques, the well known comic actress who died yesterday at the age of 36. No one could have spoken more truthfully than she did when she said that her favourite part was the Fairy Queen in *Victorian Pantomime*. Students of the stage, from the mid-1940s would know that Hattie Jacques was a comic personality of stage, films and television.

She had a break in 1952, appearing then in *Martin's Theatre* in a *Best of St. Martin's*, which had a good scene in *Victorian Pantomime*. In *Victorian Pantomime*, she played the Fairy Queen, a role which she played in *Victorian Pantomime*.

Later, at various times, she played the Fairy Queen in *Victorian Pantomime*. She played the Fairy Queen in *Victorian Pantomime*, a role which she played in *Victorian Pantomime*.

LENA PAGLIUGHI

Lena Pagliughi, the American-born Italian singer who died at the age of 73, was a noted exponent of most of the lighter, lyric roles in the Italian repertory.

She was born at Brooklyn on May 27, 1907. Taramelli heard her at a concert and immediately took the young singer under his wing. She subsequently studied in Milan, where she made her debut at the Teatro Nazionale as Glilda, which was to become one of her favourite roles. Indeed, she took the part again at her last Scala debut, three years later, when she sang the role of Glilda in *La Traviata*.

MR KONRAD ZWEIF

Konrad Zweif, who died on September 10 at the age of 75, was a noted economist in two countries.

Having graduated from the University of Vienna, he joined the "Institute of Social Studies" at the University of London, where he published papers on "Capital movements" and the "Impact of trade cycles on foreign trade before the first world war." He was studying the dispute between the English currency and banking cycle when he was forced to leave Germany.

Sotheby's claim five pi records for paintings

By Geraldine Norman
Sole Room Correspondent
Sotheby's said they had achieved five world record auction prices for individual artists in their gala evening sale of Victorian paintings at Sotheby's, London, last night.

An Edward Lear landscape, "Corio from the Olive Grove near Accrington," was sold at £25,000, a price in the £20,000 to £30,000 range having been predicted. A pair of paintings by Henry Nelson Pritchard, "Eastward" and "Home again," were sold at £12,000 (estimate £20,000 to £30,000). They are reduced versions of two of the most famous paintings of the Victorian period.

The claimed records included: "A classical" by John William Godward, at £18,000 (estimate £20,000 to £30,000); "A happy boatload" by John William Godward, at £18,000 (estimate £20,000 to £30,000); "A happy boatload" by John William Godward, at £18,000 (estimate £20,000 to £30,000); "A happy boatload" by John William Godward, at £18,000 (estimate £20,000 to £30,000); "A happy boatload" by John William Godward, at £18,000 (estimate £20,000 to £30,000).

Science report

Ornithology: Field ambulance for birds

By the Staff of Nature
Next time a large group of seabirds is caught in an oil slick off the British coast first aid may be available. Last week Shell UK presented a £25,000 mobile rescue centre to augment the rescue facilities of the RSPCA.

The intention is to set up the centre in the event of an oil spill, and to administer immediate care and medication before contaminated birds are sent to be cleaned at the RSPCA's wildlife field unit in Little Creach, Somerset.

There are sufficient small oil slicks floating at all times to give the RSPCA a steady supply of birds in need of treatment. The mobile rescue centre, which is a small oil slick, is a testament to the skill and strategy of the participants.

No power to give directions

G v G
Before Mr Justice Eastham
[Judgment delivered October 3]

Where a wife in proceedings against her husband seeks to set aside a judgment of the court, the court has no power to give directions as to the costs of the proceedings.

The court has no power to give directions as to the costs of the proceedings. The court has no power to give directions as to the costs of the proceedings. The court has no power to give directions as to the costs of the proceedings.

Court of Appeal

10 am sittings
Sittings in the Court of Appeal, Criminal Division, presided over by Lord Chief Justice, will begin at 10 am from today.

THE TIMES

BUSINESS NEWS

Closed shop
debate
still not over,
page 17

ACQUES
of stage,
ision

LAING
make ideas take shape

Stock Markets

FT Ind 4844 up 51
FT Gilt 71.07 up 0.31

Sterling

\$2.3980 up 90 pts
Index 75.8 unchanged

Dollar

Index 83.2 down 0.2
DM 1.7990 down 115 pts

Gold

667.80 up \$15

Money

3 month sterling 154.154
3 month Euro 13.1211
6 month Euro 13.1212

Shipyard unions fear more cuts

Scottish shipbuilding union leaders fear that when they meet Mr Robert Atkinson, chairman of British Shipbuilders, in London tomorrow to hear details of the group's corporate plan, they will be faced with the prospect of an even steeper cut in demand for merchant ships by 1982.

This afternoon's yard conference from the Upper Clyde will meet British Shipbuilders executives to hear about the future of Corston Marine, the subsidiary of Govan Shipbuilders in Glasgow. Under the last cut the yard was placed on care and maintenance under 40 men.

Conveners from the Robbaleon Yard in Dundee will be having a similar meeting tomorrow at the London headquarters of BS.

BSC hires off 2 new operating groups

Further decentralizing of the operations of the British Steel Corporation was announced yesterday. The corporation's new operating groups are to be set up as separate businesses each with a managing director.

The new structure comes after a decision to create two main operating groups to be known as the general steel group and the strip products group. The group managing directors, Mr Gordon Sainsbury and Mr Jake Stewart, are now splitting their organisations into separate businesses, each of which will be a profit centre, producing a range of products and competing against domestic and foreign producers.

7,000 on short time

London Brick Company has started short-time working at its yards in Camberley, Bedfordshire and Buckinghamshire. The majority of its 7,000 workers has gone on a four day week. Others will be working five days one week and three days the next.

Yorkshire oil search

The search for oil and gas under the north Yorkshire moors is to continue with the drilling of two more exploratory wells in April or May next year. Seismic readings from surveys at Giggleswick, Scarborough and Malton are still being studied by a consortium led by Taylor Woodrow Energy.

Sales index rises

The index of volume retail sales rose to 100.1 (1976=100) from a revised level of 99.3 in July, according to figures published by the Department of Trade. This means that sales in August were lower than first thought, but those in July were higher.

Record grain load

The largest ever single grain export shipment has left Hull for the Mediterranean. A Yugoslav bulk carrier was loaded with 24,000 tons of grain in a matter of hours to beat a possible docks strike.

Liberal criticism

A statement from Mr Philip Goldenberg for the Liberal Party that the regulation of unit trusts leaves much to be desired has upset the unit trust industry.

Trusts angered, page 18

EEC Commission calls for emergency action to support falling steel prices

From Michael Horne, Brussels, Oct 6

EEC member states were today asked to proclaim a state of "emergency" in the Community's steel industry, enabling compulsory production cuts to be imposed on steel manufacturers to shore up collapsing prices.

After an extraordinary meeting of the European Commission this morning, Viscount Davignon, the Commissioner for Industrial Affairs, ended a week of speculation by announcing that he would be asking EEC foreign ministers to give their assent to this emergency action at their regular monthly meeting in Luxembourg tomorrow. The British Steel Corporation has long advocated such action, as have steelmakers in France, Belgium and Holland.

Viscount Davignon said that the Commission had been left with no choice because of the "crisis" in the steel industry, which has led to a sharp fall in demand for steel and the threat of a collapse of the existing system of voluntary production limits.

"The producers were simply not ready to trust one another," he observed today. "If the foreign ministers gave their assent, Viscount Davignon said, other formalities could be completed in time to enable the new system of production quotas to go into force from the middle of next week. The Commission was proposing a 'shoulder' until the end of June.

"If the present situation is allowed to continue, it will lead to a price war and the de-industrialisation of the EEC," or else to national measures which would destroy the unity of the Community's internal market," Viscount Davignon declared. "Neither prospect was politically, economically or socially acceptable."

The only threat to the Commission's proposal is likely to come from West Germany, which traditionally dislikes attempts to interfere with market forces. But a majority of other member states could outvote the Germans provided that two of these states each produce at least one-eighth of the total value of the coal and steel output of the Community.

British officials made clear that the Government would support emergency action as proposed under article 58 of the Treaty of Paris, which established the European Coal and Steel Community 30 years ago.

Viscount Davignon disclosed that the production quotas envisaged by the Commission would involve cuts of between 13 and 20 per cent in the output of the four main categories of laminated products in the fourth quarter of this year compared with the same period in 1979.

These products account for 90 per cent of steel output. Viscount Davignon said that the Commission would also propose a global quota for total raw steel production. The quotas would be fixed individually for each steel manufacturer and would be calculated by taking as a reference base the best 12 months (not necessarily consecutive) recorded by each company during the three years from July 1 1977 to June 30 1980. Companies would be fined £42 for every ton they produced above the permitted quota.

According to the Commission's provisional estimates, the cuts in the four main categories of laminated products in the last quarter of this year compared with the same three months of 1979 would be as follows: 26-20 per cent for coils and rolled strips, 13-17 per cent for heavy sheets and universal plates, 14-18 per cent for heavy sections, and 14-18 per cent for light sections (wire, merchant bars and re-inforcing rods).

The Commission would also be asking member states to approve stricter surveillance of price and quantity limits on steel imports into the EEC, so that foreign suppliers would not be able to take advantage of the restraint accepted by Community producers.

An indispensable part of the crisis package, Viscount Davignon said, was approval by member states of a long-term Commission proposal for the additional expenditure of between £70m and £100m from EEC funds over the next three years to mitigate the social impact of reduced production. This would be used to finance early retirement and work-sharing schemes.

West Germany rejects restrictions

From Peter Hill, Madrid, Oct 6

Senior executives of Europe's steelmakers' cartel, the EEC steelmakers' association, were today considering the Commission's measures at a series of informal meetings. The fact that the Commission is to unanimously recommend implementation of article 58 of the European Coal and Steel Community Treaty to the Council of Ministers meeting next week, the Commission said, has put the cartel under a great deal of pressure to break through the impasse which has developed between those countries, like Britain and France, which see its implementation as the only way to avert a general recession, and West Germany, which strongly opposes its use.

The West German Government, which promptly denounced the Commission's recommendation, has insisted that the German steel companies, most of whom have vigorously opposed the introduction of the measures.

The view of several is that the West German Government, if necessary, will dissociate itself from the measures, which involve, in operation of the treaty provisions.

Mr. Edmund Tesch, president of Eurofer, said: "It is my view that it makes sense to implement article 58 with article 74 (which imposes tough controls on imports of steel from countries outside the Community). But we will never say that there is no chance of a voluntary agreement being reached between ourselves and the Commission."

Although most steelmakers who are here attending the annual conference of the International Iron and Steel Institute believe that article 58 and its interventionist powers is now inevitable, there are some who hope that the Commission's action might reconcile the protagonists and the opponents to establish common ground and negotiate the voluntary agreement which the Government has asked the Commission for the past month.

Wholesale price inflation falling

Continued from page 1

been reinforced by foreign competition, aided by the strong pound. Taken together, these have reduced the balance of competing exporters to a level not lower, prices over the next four months to only 13 per cent, according to the September CBI trends survey. This is the lowest figure since 1967.

One obvious effect has been to hit deeply those manufacturers' profits and force them to cut back on production. But the strain has been eased by a remarkable drop in the rate of increase of prices for the raw materials which manufacturers use. Sterling's strength and the world recession have been the main causes here, bringing the yearly rate of increase for raw materials down to only 2 per cent over the six months to September.

However, input prices did rise slightly in September, against the trend of most predictions which had actually expected a fall in sterling terms because of the pound's rise. Many raw-material prices, most notably oil, are quoted in foreign currency.

But in spite of this less-than-perfect news, the annual rate to September, at 1.2 per cent, was down from the August figure and is the lowest for a year.

Tables, page 19

Wall Street closes 15 points up

The Dow Jones Industrial average closed 15.02 points higher at 965.70 yesterday in the heaviest trading for more than a week on growing hopes that the economy may not prove so much weaker.

Advanced led declines by three to one as volume expanded to 50.13 million shares from 47.41 million traded on Friday. The New York Stock Exchange ended 2.03 up at a record 75.04.

Analysts said that the sharp drop in the money supply of \$3.400m reported on Friday gave hope that the Federal Reserve Board will not have to tighten credit for a while. Wall Street observers also attributed the advance, the largest since mid-September, to news that Saudi Arabia will raise oil output.

Interest rates, page 16

Experts split on Vestey loophole

By Margaret Stone

When the House of Lords dismissed the Inland Revenue's tax claim against the Vestey family last year, the department's attempt to apply Section 412 of the Income Tax Act 1952 was described as "arbitrary, unjust and fundamentally unconstitutional".

There is also little doubt that the decision, combined with the abolition of exchange controls, have resulted in millions of pounds of "lost" tax as other wealthy families took steps to export their capital and set up discretionary trusts overseas.

The Inland Revenue, the Treasury and other tax experts have been studying the implications of the Vestey case, but tax arrangements for overseas trusts, where the settlor is not the beneficiary, are so complex that legislation could not be expected in the last Finance Bill.

Although there is a body of opinion which would welcome a return to the status quo embodied in *Congreve v Inland Revenue Commissioners* (1946), which said all beneficiaries under a trust, other than overseas trusts, are liable to tax, others are dubious about the principle of taxing people on income they have not actually received.

During the case Lord Wilberforce, referring to Vestey daughters benefiting under the trusts, said: "There are many remarkable features about these figures... They can be highlighted by reference to the cases of Mrs Payne and Mrs Baddley."

Though these beneficiaries received nothing until 1966-67, in which year they each received £100,000, they (in fact their husbands) have been assessed for a proportion of the trustees' income in each year since 1964, totalling (in each case) £274,121.97.

"It is the Crown's claim that they could have been assessed for many times that amount."

Although changes in Section 478 of the Income Tax Act 1970 (replacing Section 412 of earlier legislation) which relate to the taxation of overseas trusts are possible in the next Finance Bill, they could be delayed until the Keith Committee, reviewing the powers of the Inland Revenue, has made its report.

The Vestey case is not only about tax avoidance on a very large scale but also about the powers of the Inland Revenue to attack such avoidance schemes as well as outright tax evasion.

Earlier in the year the Government announced a review committee to study the powers of both the Inland Revenue and Customs and Excise to see if they "were suited to their purposes, given the need to comply with the law and to avoid excessive burdens on taxpayers."

Lord Keith of Kinkel, who was appointed chairman of this committee in July, was one of the Law Lords who found against the Inland Revenue in the Vestey case.

Microbiology cuts two years' work to four weeks

Scots find source for soy dressing

The first batches of soy sauce to be produced microbiologically at Strathclyde University have just been delivered to health food wholesalers in England and Scotland. The sauce is expected to match the best available from Hongkong, Singapore, Japan and China.

Each year 100,000 tons of soy sauce, worth £25m, are imported for use in the United Kingdom; another 200,000 tons are imported and re-exported.

The potential for exporting the new British-made, oriental-style product appears substantial. Although still modest in size, the European soy sauce market has grown to £20m to £30m a year.

The process at Strathclyde was developed with the help of a £90,000 grant from the Wolfson Foundation. The normal fermentation of two years has been reduced to four weeks and the researchers intend to produce 2,000 litres a week by the end of next year. They believe that the sauce will be more attractive to the western palate.

Soy sauce consumption has been steadily growing recently mainly because of the increasing popularity of oriental food and the demand for "health foods".

Some United Kingdom importers have been concerned about the inconsistencies in certain supplies from oriental wholesalers who in turn receive stocks from different sources.

The price of transport has also increased sharply because the sauce contains 20 per cent salt and 25 per cent water. Only the remaining 5 per cent contains the special ingredients derived from soya beans.

At Strathclyde's microbiology department, microorganisms form a mild growth on soya beans which are then immersed in a vat of brine.

But the project is in its early stages. Research is planned for the next three years.

Samples are being tested by health food wholesalers to see if they match the "taste profile" which defines their standards in soy sauce.

If the sauce is a success, the university will consider either setting up a company through its Centre for Industrial Innovation or forming a partnership with a health wholesaler.

Bill Johnstone

\$21m credit setback for banks

A consortium of 11 international banks led by Singer and Friedlander has lost the first stage of a court battle to recover almost \$21m (£3.7m) allegedly owing under a long-running dispute with Creditanstalt-Bankverein, the state-owned Austrian bank.

The dispute began five years ago when Creditanstalt refused to make payment under the terms of three letters of credit owned by the consortium.

A commercial court in Austria has delivered a written ruling saying that, as far as one letter of credit is concerned, there is no liability for payment by Creditanstalt. The ruling is subject to appeal and it is expected the consortium will carry the issue to a higher court.

The dispute over payments allegedly arising from deliveries of pharmaceuticals due to have been made in 1975 involved a Dutch company, A. M. Aronson, and two Austrian companies which intended to sell the goods on to a Yugoslav trading company called Interimpex.

However, the deal was not concluded, and it has been claimed that the consignments were not as described in the documentation.

The issue has sparked international interest in banking circles because it is fundamental to the whole question of letter-of-credit financing. A key issue relates to the claim that letters of credit are transactions in documents rather than goods, and that the failure of the deal to be concluded did not invalidate the financial claim against Creditanstalt.

The consortium has said that since the documentation was in order, payment should have been made. Creditanstalt's counter claim has been that payment would have been illegal because the deal was not properly completed, and some of the goods were themselves suspect.

The Austrian courts are still considering the question of the remaining two letters of credit, respectively worth \$7.1m (£1.27m) and \$3.9m (£1.63m). There are technical differences between these two letters and the one upon which the present ruling has been given.

Chancellor persuades unions to talk on pay

By Patricia Tiedell, Management Correspondent

Sir Geoffrey Howe, the Chancellor of the Exchequer, succeeded at his second attempt to encourage trade union leaders in pay talks at yesterday's meeting of the National Economic Development Council.

A Treasury paper on the effects of wages on prices and unemployment, which union leaders had refused to hear at the last meeting in August, was accepted. A general discussion followed among trade unionists as well as employers.

Some observers see the introduction of pay to the formal agenda of the NEDC as a first step towards an incomes policy. Although the rift which opened at the last meeting has been more than healed by the TUC's change of heart, the fundamental differences of opinion with the Government remain as wide as ever.

The Government's view, presented by Sir Geoffrey yesterday, is that pay is the biggest factor in inflation and that price control must be to lower inflation.

The TUC's view, expressed by Mr Len Murray, its general secretary, is that "merely to elevate inflation as the single factor to be fought is economic nonsense."

The TUC sees a stimulation in demand, which it argues has been artificially depressed by government policies, as the key to economic improvement and believes that lower real wages would depress demand even further.

Mr David Bessent, general secretary of the National Union of General and Municipal Workers, said that the Government's exhortations to reduce unit labour costs was "all very well. People have accepted lower wages but still have lost their jobs."

James Prior, Secretary of State for Employment, replied that the Government could not give economic stimulation until industry's competitiveness improved.

Although the TUC's differences with the Government remained, there was a convergence of views between the trade unions and the Confederation of British Industry. The trade unions and the employers are deeply worried that whole sectors of industry will vanish during the recession.

Samuel Montagu post goes to an outsider

By Roman Eisenstein, Banking Correspondent

Sir Staffan Gadd, a 46-year-old Swedish banker, has been named as chief executive of Samuel Montagu, one of the London's leading accepting houses. He is expected to become chairman after Mr Malcolm Wilcox, the present chairman, retires.

In 1969, Mr Gadd was appointed deputy managing director of Scandinavian Bank, a then newly-established international merchant bank in London set up by Skandinaviska Banken, together with other major Scandinavian banks, to help provide international financing requirements of their domestic and international clients.

He became chief executive officer of the bank in 1971. Mr Gadd resigned on July 1 after disagreements with one of the main shareholders who wanted to develop an international network. He will be taking up his new duties on November 1.

His appointment has surprised senior executives of Samuel Montagu, a wholly owned subsidiary of the Midland Bank. They were told about the decision by the Midland board on Friday. The board of Samuel Montagu then approved the appointment.

Mr Wilcox was a chief general manager of the Midland and took over as acting chairman of Montagu after Mr Philip Sheldrake resigned to become chairman of the British National Oil Corporation. Mr Wilcox said "Samuel Montagu contains many skills in ample measure but, as is evidenced by the action we have taken, we do not feel we could see anyone with an appropriate combination of these."

Mr Wilcox has now been appointed chairman of Samuel Montagu.

Mr John Gillum, a deputy chairman of Samuel Montagu, said of Mr Gadd: "As we do not know him we shall look forward to meeting him." There is little doubt that some Samuel Montagu executives are disappointed that the job has gone to an outsider, although the present feeling within the bank is that there will be no resignations.

Mr Gadd said that he did not know how he intended to develop Samuel Montagu but felt his experience would be valuable in developing new business areas.

Pay rises held at 10pc for 18,000

By Clifford Webb, Midlands Industrial Correspondent

More than 18,000 private sector workers in the west Midlands have settled for pay rises of 10 per cent or less in the past two months. Only 1,300 workers will receive more than 10 per cent while others clinging to jobs in companies affected by the recession, will get no increase.

Mr Steve Rankin, the Confederation of British Industry's regional director, who released the figures, said: "The majority of these employees will be taking home between 8 and 10 per cent extra. There are a few of around 6 per cent."

He gave warning that many companies still thought that 10 per cent was too high in the present recession and that 5 per cent would be more realistic.

"We have held meetings in Stoke-on-Trent, Shifnal, Redditch, Dudley and other places where pay has been discussed. There is evidence of an aggressive determination among our members to peg rises."

The latest figures notified to the CBI contrast with pay settlements at the same time last year of between 12 and 14 per cent, slightly lower than the national average.

Mr Rankin said that private sector companies were extremely worried about the Government's ability to withstand "massive" pay claims from public sector employees.

A pay explosion in the public sector could destroy the greater understanding of management problems being shown by workers in private industry.

'We are sometimes asked why large engine and vehicle manufacturers, who have considerable engineering resources of their own, place work with Ricardo.'

"I think that there are three main reasons. Ricardo has concentrated its endeavours in a relatively narrow, but commercially important field, the internal combustion engine. We have developed our expertise over sixty years of intense design and research activity and so, in some parts at least of our chosen field, we are often in advance of even the most resourceful manufacturer."

This applies even more today, with the special problems posed by government regulation and economic pressure in the fields of air pollution, noise and vehicle fuel economy — all areas to which your Company has devoted considerable research and development activity in recent years.

Secondly, we provide an overload capacity, whether it be on new engine design, prototype development or on a particular piece of research.

More and more Companies are realising that it is uneconomic to employ large numbers of staff to cover their maximum engineering requirement which occurs only occasionally; and that it is better to rely on Ricardo to cope with the peaks.

Financial Highlights

	1980	1979
Turnover	£6,607,000	£7,342,000
Operating Profit		
before interest	£1,407,000	£1,080,000
Profit before taxation	£1,209,000	£1,097,000
Profit after taxation	£1,253,000	£1,215,000
Earnings per Share	43.5p	42.4p
Dividend per Ordinary Share	7.70p	7.00p

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For your copy of the 1980 Report and Accounts simply fill in your name and address and send to: The Secretary, Ricardo Consulting Engineers Ltd., Bridge Works, Sharncliffe-by-Sea, West Sussex BN4 3FC

NAME _____

ADDRESS _____

T _____

PRICE CHANGES

Rises

Compart Int 5p to 55p
Lain Oil 12p to 65p
Barrington 12p to 50p
Harris Quayway 12p to 158p
Dochast 15p to 270p

Falls

Watt Tel 3p to 493p
Empire Stores 4p to 146p
Northern Int 12p to 280p
Lea Coast 10p to 185p
Gomme Wides 2p to 54p

THE POUND

	Bank buys	Bank sells	Bank buys	Bank sells
Australia \$	2.08	2.01	Norway Kr	12.90
Belgium F	21.79	21.65	South Africa R	2.17
Canada \$	2.38	2.37	Spain Ptas	179.90
Denmark Kr	13.70	13.15	Sweden Kr	10.27
Finland Mk	9.10	8.70	Switzerland Fr	4.06
France F	16.51	16.56	USA \$	2.45
Germany DM	4.47	4.26	Yugoslavia Dnr	75.75
Greece Dr	168.00	99.00		
Hongkong \$	12.15	11.65		
India Ru	215.00	214.00		
Italy Li	2150.00	2045.00		
Japan Yu	519.00	494.00		
Netherlands Gld	4.84	4.52		



Unions call strike over Fiat

The Italian trade union leadership in Rome announced a half day strike on Friday against Fiat as three month pay-offs took effect for 23,000 workers in the Turin based car manufacturer.

Leaders of the three big confederations—CGIL, CISL and UIL—in a statement accused Fiat of provoking "grave social tensions" by its action. The company refused to guarantee that the suspended men would return to work which, the statement claimed, was equivalent to their dismissal.

This "attack on the workers and the trade union movement" was all the more grave because thousands of jobs elsewhere were at stake, particularly in chemical companies, in areas such as Naples and Calabria, and in telecommunications and fibres.

Friday's strike will be a four-hour stoppage except in public services, where it will last one hour.

Japanese-Dutch talks

Japanese and Dutch businessmen are discussing cooperation in industrial projects in third countries, Mr K. Herman Beyen, the Netherlands' economic minister revealed in Tokyo. The discussions are between the Japan Machinery Exporters Association and the Dutch Association of Mechanical and Electrical Engineering Industries.

Swiss deficit

The Swiss parliament has accepted a budgeted federal deficit for 1981 of 1,177m Swiss francs (about £304m) which would be slightly smaller than the 1,290m franc deficit budget for 1980, but 220m francs more than the long-term financial plan for 1981-1983.

Motorcycle venture

Piaggio, which with its subsidiary Gilera is Europe's biggest producer of motorcycles, has signed an agreement with Cycles Peugeot of France to develop engines of 125 and 80 cubic centimetres to be mounted on frames produced and sold independently by the two groups.

Wall Street optimistic as money supply figures show substantial fall

Living with high US interest rates

Hopes are rising on Wall Street that American interest rates have reached their peak for the time being and will either hold at current levels, or even fall slightly, in coming weeks.

The release of new money supply figures, showing a substantial fall in the money stock, served to boost share prices. The Federal Reserve Board underscored its determination to keep a tight rein on credit by drafting cash when the rate for Federal funds fell to just over 11 per cent.

There appears to be little doubt among Wall Street brokers and economists that American interest rates are going to remain at high levels well into next year.

Wharton Economic Forecasting Associates said in a report that this factor, plus the prospect of a United States current account payments surplus, will ensure a strong dollar at least until late 1981.

Wharton's quarterly forecasts enjoy respect in the markets and they are purchased by scores of large companies. The latest set of Wharton predictions falls closely into line with what most American economists appear to be forecasting for 1981.

High rates of interest are seen because government borrowing is set to continue at a strong annual rate of some \$60,000m; because inflation will remain high for the first half of 1981; and because gradual economic recovery will add upward pressure on rates. The most important factor, Wharton asserted, would be the Fed's determined aim to control the money supply.

"We are not yet in the recession," the forecasters stated, adding that a slow recovery expected to get under way early in 1981 because of a \$27,000m

tax cut. The recovery would be delayed if the tax cut was not enacted swiftly.

Which side was cut, Wharton forecast just a 3.2 per cent real gross national product increase from the fourth quarter of 1980 to the final quarter of 1981. The gap deflator is seen as being unchanged at 9.2 per cent for both 1980 and 1981.

The Wharton detailed forecasts point to a healthier American economy emerging late next year. Real economic growth of well over 4 per cent is seen for the period from mid-1981 to mid-1982.

Inflation, as measured by the gap deflator, will amount to an annual rate of over 10 per cent in the first quarter of next year, but is expected to drift down to a rate of just over 7 per cent by the second quarter of 1982.

Both new car sales and new housing starts are likely to be

very sluggish in coming months and only move back towards the sort of high levels seen last year by the middle of 1982.

The timing and size of the tax cuts will greatly influence non-residential investment outlays, although Wharton is quite optimistic about business investment levels late next year.

The depressed United States economy would dampen world trade, Wharton said. World trade growth might be just 3 per cent next year, and then pick up slowly to climb above 4 per cent.

The weak United States recovery will also mean higher American unemployment next year. Wharton predicted that the average United States jobless rate would rise from the 1980 level of 7.5 per cent to almost 8.2 per cent in 1981 and then fall slightly in 1982.

Frank Vogl

In Washington

Wider range of computer aids for designers

A new approach to automated engineering services for industry is being offered jointly in Hitchin, Hertfordshire, by two American companies, Structural Dynamics Research Corporation (SDRC) of Ohio and Applicon of Massachusetts.

An SDRC service centre at Hitchin will provide consultancy and bureau services based on Applicon graphics hardware and SDRC design-analysis software.

SDRC has a similar centre in Cincinnati, Ohio, which, on a two-shift basis, provides terminal rental, design and draughting services, tool-design services and system consultancy to the local business community. New centres are being set up in Paris, Wiesbaden, Dallas and San Diego as well as in Hitchin.

This development is one facet of a close working arrangement which has just been agreed between the two companies. It is aimed at combining Applicon's interactive graphics systems with SDRC's software to provide comprehensive systems for computer-aided engineering in the widest sense.

Higher productivity through time-saving in design and development is the main benefit made possible by the integrated systems. Design alternatives can be analysed by computer before building prototypes; and in many cases the building of prototypes will not be necessary to confirm the integrity of the product.

Starting with simulations of a mechanical product derived from analytical testing of existing similar products, alternative concepts for the product are mathematically modelled in full. Designers can vary concepts to minimize weight, reduce energy

TECHNOLOGY NEWS

consumption or attempt to maximize performance.

From an acceptable concept, detailed component and sub-assembly design specifications can be derived from system models by simulating environmental conditions and external loadings. Internal loads, duty cycles and constraints at component points can also be determined.

This is followed by component design work, in a process which involves and often results in compromises—specifications. Thus the resulting design represents the result of evaluating hundreds or thousands of potential concepts; and a prototype is produced simply to verify the predicted design performance.

Dr Janet Lemon, SDRC chairman, said in London last week: "For many manufacturers the implementation of computer-aided engineering represents a potential productivity gain of one-third to both time and cost. The investment during early design is more than recovered by reduced prototype cost and the time associated with hand-crafting successive prototype products."

The importance of computer-aided design in manufacturing to Britain was stressed in a report earlier this year by the Government's Advisory Council

for Applied Research and Development (ACARD).

The council recommended that a new Institute for Computer Aided Engineering (based on the relevant existing units at the National Engineering Laboratory and the Computer Aided Design Centre) be set up. So far the Government has made no response to the ACARD proposal.

Electronic check on marksmen

Projects embracing electronics, material science and solar energy are being conducted successfully at the Fulmer Research Institute, which is owned by the Institute of Physics.

Fulmer, based at Slough, was acquired by the Institute of Physics in 1965 nearly 20 years after the research unit was created. About 250 people are employed by Fulmer and its subsidiaries and more than 100 are professionally qualified scientists, technologists and engineers. They contribute to the £3.5m total income generated by the Fulmer group.

One Fulmer project, whose research in Australia and Britain has cost more than £400,000, since 1972 is the electronic Dart (Disappearing Automatic Retrials System) target system. The project is financed by Australian Training Aids (ATA). Research has been conducted at Fulmer over the past three years to bring the system to its current commercial state. It allows a soldier engaged in target practice to have his

shots constantly monitored electronically and displayed on a matrix on a visual display unit (VDU) by his side.

The target is "fitted" with electronic transducers which are able accurately to detect the bullets generated by a "bullet" travelling at supersonic speeds of well over 11,000 feet a minute. The projectile and the point of impact are computed by a processor on site and the results can be shown on the VDU.

The instructor is also able to monitor the spread of the bullets across the face of the target to determine whether the weapon of the man firing it is showing consistent fault. The computer is able to show where each bullet penetrates the target, what score is attributable to each shot and where the average spread of shots are focused.

The last is called the mean point of impact (MPI) and is, according to the system's creators, a valuable aid in plotting the consistent features of any particular weapon or its user.

Market potential for the system could be large. There are at present more than 31 million men at arms in the world—excluding the Warsaw Pact countries and China—who are engaged in some form of military or paramilitary activity. It will require some form of weapon training. The first Dart system is being used by the Jordanian army and is worth Aus\$6m to ATA.

Kenneth Owen and Bill Johnstone

LETTERS TO THE EDITOR

Advice to small firms

From Mr Ansel Z. Harris
Sir, Britain's newest growth industry, advice to small firms, is burgeoning. As an adviser, seconded a few months ago to the Wandsworth Business Resource Service from the private sector, I would like to participate in, albeit with the limited experience of a small business, the debate provoked by Patricia Tisdall's article "Home Truths about small businesses" in *The Times* of October 1.

Whilst most of her article mainly gives a background to the growth of this industry, she rightly stresses one of the home truths about small businesses, namely the help of big companies as customers and authorities can give by paying their bills on time (and implicitly accelerating grant procedures). But it should be stressed that the husbanding of financial resources is only one of their problems. Finance does not solve all their problems.

Inevitably, small businesses have to close links with local authorities. In recent years, via such legislation as the Inner Urban Areas Act 1978, via such opinion-forming reports as the Bolton Committee 1974, the Wilson Committee 1979, local authorities have been drawn into active participation

in, or cooperation with, business enterprise and in creating the climate in which new and small businesses can flourish. But they are unskilled and inexperienced in this and their officers—trained in it.

The chief executives of the local authorities must make themselves responsible to see that this new activity gets off the ground. They should not delegate and split this responsibility between rival departments. But more than this, staff need to be motivated, directed, briefed, called to what you will, in their new roles so that the dialogue with the new and small businesses can be more direct and productive, with help more positively given. In this way, these businesses will flourish, employment will grow (and the rate of income increase). The responsibility rests with the chief executive and his directors to ensure that the message gets through. It does not, as through Tisdall puts it, "the inevitable consequence" of a large scale disillusionment.

Yours faithfully,
ANSEL Z. HARRIS
Adviser to the Wandsworth Business Resource Service, 15 Litchfield Road, Kew Gardens, Surrey TW9 3JR, October 3.

Selling spare part for cars

From Mr Michael Dobbs
Sir, I read in *The Times* of September 29 that the of Fair Trading is cor by the cost of service and of replacement parts.

All vehicle manufacturers prevent by contract replacement parts while not been distributed their Parts Operations. The authorized dealer their turn put pressure vehicle manufacturers from independent car from manufacturing parts for sale their dependent garages. By requiring the vehicle factors to assert the "copyright" in their e ing drawings in the manual will if successful be t elimination of comper spare parts for cars, reservation to foreign manufacturers of a cap ket for replacement their vehicles.

This will make the market even more p for foreign manufacturer replacement parts for their cars will be to them. They will be lower, the prices vehicles even further, result in increased-pe of the British car b vehicle manufacturers duced share of the market for British Le

Thus, British management by asser there is a "artistic copy an engineering draw exhaust system and o parts are contributin one thing they dread—share of less than 15 for their vehicles.

M. DOBBS
3 Sandpit Road, Braintree, Essex, CM

Post Office efficiency

From Mr W. de Havas
Sir, At about midday, the virus of my extension was accide. That evening my da pointed to the rep London. At 10 pm c morning a Post Office called and complete pair by 10.30 am. V lot of complaints about Office, but this was s

W. DE HAVAS
Director, Havas Packing and Shipping Limited, London, October 3.

Telex rise 'staggering'

From Mr W. de Havas
Sir, We have just received our quarterly telex account from the Post Office and are staggered to find a 72 per cent increase in the rental charge for the machine. The previous rental was £148 per quarter and this figure has now been increased to £255 per quarter.

Having queried the amount of the increase with the Post Office, we were told this was in accordance with a directive received direct from the Government. No private firm could possibly justify such an increase

and the Post Office is surely not entitled to raise their charges by such an enormous percentage.

How can the Government hope to reduce inflation and persuade business houses to limit increases in prices when they themselves do not practice what they preach?

Yours faithfully,
W. DE HAVAS
Director, Havas Packing and Shipping Limited, London, October 3.

Cheque card purchases

From Mr Lee-Paulkner
Sir, Several times in the recent past, when paying for purchases by cheque, cashiers have demanded my address, despite the fact that the amount was below £50 and a valid bankers cheque card was offered.

On each occasion, despite protestation and explanation of the legal position, the staff, often the manager, assure me that this is "company policy," which cannot be contravened.

To refuse to deal with such business simply causes inconvenience; so what, I wonder, is the answer? I would be interested to learn of any suitable technique adopted by others.

Yours faithfully,
LEE-PAULKNER
19 High Meadow, Romley, Stockport, Cheshire, SK5 4PT, October 3.

To refuse to deal with such business simply causes inconvenience; so what, I wonder, is the answer? I would be interested to learn of any suitable technique adopted by others.

Yours faithfully,
LEE-PAULKNER
19 High Meadow, Romley, Stockport, Cheshire, SK5 4PT, October 3.

Burmah: a Conservative disgrace

In Opposition

"...it is very much the concern of the House and of the Opposition to see that public bodies behave honourably and fairly."

"There is a deep sense of outrage that although the Bank is ready to recognize the harsh effect of what has happened the Government should forbid it to do anything about the situation."

"...the episode will have done lasting damage to the credibility and independence of the Bank of England as a lender of last resort."

The Rt Hon Patrick Jenkin MP for Wansley and Woodford (now Secretary of State for Social Services), Hansard, 25 February 1975, at col. 313.

"...highway robbery under duress...the Government has now become the biggest asset stripper of the lot."

The Rt Hon Patrick Jenkin MP, Hansard, 3 December 1975, at col. 1687.

"Sadly, all...attempts to secure justice for the Burmah shareholders have proved entirely in vain...but if a Government is determined to remain deaf to appeals on behalf of disadvantaged citizens, there is not very much that an Opposition can do except to sustain protest, as we have been doing."

The Rt Hon Sir Geoffrey Howe QC MP for Surrey East (now Chancellor of the Exchequer)—letter of 7 August 1975 to Mr Ralph Howell MP for North Norfolk.

"I and my colleagues will certainly do what we can...we shall certainly keep at the matter on behalf of those affected."

The Rt Hon David Howell MP for Guildford (now Secretary of State for Energy)—letter of 5 August 1975 to constituent Mr V G Clark.

"...we have challenged the Government on their intentions and good faith vis-à-vis the BP shares...I can assure you that the Conservative Party will continue to press the Government over this disgraceful issue."

Mr Keith Speed RD MP for Ashford (now Parliamentary Under Secretary of State for Defence)—letter of 31 October 1975 to constituent Mr F G Barnes.

"...if a Government is intransigent and deaf to appeals on behalf of disadvantaged groups, there is not very much that an Opposition can do except protest."

The Rt Hon Patrick Jenkin MP—letter of 25 July 1975 to the Rt Hon Edward Heath MBE MP for Bekeley, Sidcup.

"I quite agree with you that the Government is treating Burmah Oil Shareholders in a particularly shabby way."

Mr Kenneth Baker MP for St Marylebone—letter of 8 August 1975 to constituent Mr I J Fields.

"You may assure your constituent that I and my team will continue to keep the whole disgraceful issue closely in view."

Mr Patrick McNair-Wilson MP for New Forest (Opposition Front Bench Spokesman on Energy 1374-76)—letter of 12 November 1975 to the Rt Hon Sir Ian Gilmour, Bart, MP for Chesham and Amersham (now Lord Privy Seal).

"...if a Government is determined to remain deaf to appeals on behalf of disadvantaged citizens, there is not very much that an Opposition can do except to sustain their protest as we have been doing."

The Rt Hon Michael Heseltine MP for Henley (now Secretary of State for the Environment)—letter of 19 January 1976 to constituent Mr Stanley Davis.

"The Conservative Party as a whole is doing what it can to help in this very worrying matter. Thank you for taking the trouble to write."

The Rt Hon Maurice Macmillan MP for Farnham—letter of 4 May 1976 to constituent Mr B Lasseret.

Burmah

In Government

"...The Government would not consider it proper to intervene between the Parties...the Crown is not and never has been in any capacity a party to the main action."

The Rt Hon Sir Geoffrey Howe QC MP—letter of 8 May 1980 to Sir Raymond Gower MP for Barry Division of Glamorganshire.

"...it would be quite wrong for me to comment..."

The Rt Hon David Howell MP—letter of 17 August 1979 to BSAG.

"But a lot of people also work hard to try to keep the party of their choice in power, which is the best form of insurance against the injustices of socialism."

Mr Granley Onslow MP for Woking—letter of 19 July 1980 to constituent Mr J P C Hartley.

"Frankly I regret that promises were made in opposition."

Mr Matthew Parris MP for West Derbyshire—letter of 8 July 1980 to constituent Mr Robert Gray.

"I am afraid that there are no comments I can make on this matter, at least at the moment, but I shall of course bear it closely in mind."

Mr Nicholas Scott MBE MP for Kensington and Chelsea—letter of 18 May 1980 to constituent Mrs C V Lawson.

"I am sure you will appreciate that it is now extremely difficult...for the Government to intervene..."

Mr Keith Speed RD MP—letter of 18 July 1980 to constituent Mrs A B Piminton.

"I do not think that it would be right for me to comment further..."

The Rt Hon Patrick Jenkin MP—letter of 27 June 1980 to constituent Mr G A Litch.

"...I would however have thought it an essential part of doing what is just, to bear in mind...that the taxpayer who voted for the 1974 Government has a right to consideration as well."

Mr Nicholas Baker MP for North Dorset—letter of 2 July 1980 to BSAG.

"...there is collective responsibility. This means that, whatever my views were before, I cannot express different views from those of the Treasury."

Sir Ian Gilmour, Bart, MP—letter of 16 June 1980 to constituent Mr A R Wyke.

"...there is, I fear, little that I can do to help."

The Rt Hon Maurice Macmillan MP—letter of 31 July 1980 to BSAG.

Facing Facts and Talking Straight

At the 50th Annual Women's Conservative Conference held recently at the Royal Festival Hall, the Prime Minister said:

"In the Conservative Party we are proud of our reputation for straight talk and for facing facts."

In the House of Commons on 17 June 1980 the Chancellor of the Exchequer said:

"The Government does not consider it proper to intervene in the litigation between Burmah and the Bank of England."

However, in this case intervention would not be improper since:

(i) as a matter of Law, under the Bank of England Act 1946, the Treasury (which owns the whole of the stock of the Bank) has clear rights to intervene; and

(ii) as a matter of fact, the Treasury does intervene in the affairs of the Bank of England. Indeed litigation would never have been necessary if the Treasury had not forbidden the Bank to carry out the "rescue" of Burmah in its own way, viz, with a profit-sharing arrangement with Burmah on the eventual disposal of the BP Stock.

This Conservative Government should either live up to its principles and right this glaring injustice without further delay or stop claiming a "reputation for straight talk and for facing facts".

Folly of spending money on US nuclear reactor

From C. A. Heyes
Sir, According to reports it looks as though Sizewell, Suffolk, has been strongly suggested as the most likely site for the next nuclear power station. It will be of the American-designed fast breeder reactor type which has recently had a near disaster in the United States.

This is bad news enough in itself but coming at a time when our unemployment figures are well over two million and we are being exhorted to "buy British", to spend one thousand million pounds of taxpayers' money, seems folly in the extreme.

Great Britain has led the world in peaceful nuclear development and such magnificent firms as Babcock and Wilcox, GEC, C. A. Parsons must be wondering why on earth the work should go abroad when we have all the facilities and designers to do it in this country.

It surely stands that the planning, design and building of such a reactor have given employment to tens of thousands of workpeople—from management to the lowest grade of labour. This is surely a crying shame that we have so wrongly deployed our vast cash to put up the electricity board's British.

Looked at purely from a political viewpoint project seems rotten. Experts should be asked to look at the project at Sizewell at stake but the future of nuclear power country. Finally, almost past door to security but this is a minimum about the last straw.

Yours faithfully,
C. A. HERON
Brackenhurst, Goff Lane, Aldeburgh, Suffolk, October 6.

British farming must reduce its costs

From Mr Christopher Lucki
Sir, I have a great deal of sympathy with the views of Mr Malcolm Hill (*The Times*, October 2) on the EEC grain mountain. It is true that almost every foodstuff we produce is in over supply and compared with world prices over prices.

However, as a producer of grain and lamb, reasonably well equipped without any excessive circumstances I still find it difficult to generate enough cash for reinvestment. I work longer hours, and the standard of living I enjoy does not justify my investment.

If I am fairly typical, and I believe I am, then the logical answer must be that agricultural must cut its costs, and market forces should be allowed to work. These are fashionable theories which grip people's imaginations. So agriculture cuts its costs and we revert to a low-input "dog and stick" farming, but what happens to all those dependent on their livelihood from allied industries—the highly lucrative chemical industry and the advertising that goes with it? The fertilizer industry, the machinery manufacturers, who are already suffering badly plus all the attendant salesmen and their company cars.

Everyone wants lower food prices, but no one likes unemployment, even less a drop in wages. Then as agricultural pro-

duction falls the inc of imports cause Suddenly the messas sounds like an old the most enthusiastic of the free market will say that this only temporary and will settle down ult

But what is a w Apart from United which enjoys a cl size advantage, man titles carry hidden These are always h and difficult to f Zealand lamb arriv must cause me co does the New Zeal and produce a fertilizer and provid the Dutch pig pro only pay 4 per cent his loan from the (and what about th dump produce a duction costs (six year's) strawberri nearly ruined soft h here) in order to e exchange? Meanwh consumers endure s high-cost econom us for some time dream of a free w economy is as far reality as the bui Brussels.

Yours respectfully,
CHRISTOPHER LA
Ditton Farm, Woodchurch, Nr Ashford, Kent, October 3.



Burmah

The Burmah Shareholders Action Group

71 Burlington Arcade Piccadilly London W1V 9AF

BY THE FINANCIAL EDITOR

Setting the scene for an MLR cut

The Government may be tempted to bow gracefully to widespread demands for lower interest rates and at the same time preserve its tough monetary stance. Together with the banking figures coming out this afternoon, London clearing banks should be indicating a sharp fall in loan demand from the private sector, a precondition to a drop in MLR.

The market certainly is looking for a slow-down in the growth of money supply. This time again the figures for September will be distorted by money coming back into the system after the ending of the target controls but the underlying trend for the growth of M3 is expected to be lower. The unadjusted figures could show a M3 growth of 1.2 per cent and perhaps less than 1 per cent stripping out the effects of re-inflation.

On an annual September to September basis this would still indicate M3 growing at an unhealthy 18 per cent but at least a corner may have been turned.

At the same time with United States interest rates edging down after the latest encouraging money supply figures, the feeling in London is that the recent burst in United States rates may have ended. If this is so then foreign money may once again flow into London to take advantage of high rates and the capital gain potential.

Yesterday, this was considered a strong enough possibility to encourage the gilt market to rise in relatively modest trade, with long gilts putting on around a point. The Government Broker felt able for the first time since mid-September to sell around £200m of the £1,000m Exchequer 12 per cent 1998 tap stock.

The gilt market also saw encouraging news in the wholesale prices figures. These indicate that inflation is on the way down, whether one looks at the favourable six months figures which on an annualised basis show inflation at 11 per cent or on the year to year figure which show a less flattering 15 per cent.

The scene thus seems set for a lower MLR. Whether it will happen right now must, however, remain a political decision. It might look too much like a manoeuvre if it took place during the week of the Conservative Party's conference, while today's banking figures will not include quarterly interest payments and charges for three of the clearing banks, which will show up in the October figures.

● Innovations come thick and fast in the Eurodollar bond market and many of them just as quickly disappear from sight.

The latest may, however, have more to it. It involved a \$50m, 15-year convertible for a high flying American energy stock called Helmerich and Payne and is being arranged by Credit Suisse First Boston. The special interest is that the conversion takes place, not into H. and P. shares, but into shares of mother oil concern, Sun Company, in which H. and P. holds a stake.

The indications are that the coupon will be between 7½ and 8 per cent and the conversion premium will be between 15 and 20 per cent.

With equities generally performing strongly, investors attracted by the option to convert into Sun (deal seems to be going very well in the market).

H. and P. for its part, can hardly lose. Either it sells its Sun shares, upon conversion, at a useful premium, or else it locks in funds at less than two-thirds of the price it would otherwise have to pay in the open market.

In principle this option is open to any company which holds a worthwhile stake in another. The question is, will there be any other takers?

Freemans: (SW9)

Worse to come

The sharp setback at Freemans, the agency mail order house with around a tenth of the market, with pretax profits down from £7.8m to £5.1m in the opening half indicate not that it is the odd-man-out, but that the whole industry is reeling before recession. So hopes of Empire Stores reporting interim pretax profits of £2.5m against £3.5m tomorrow are probably dashed, with most analysts now happy to see around £2.2m.

Freemans' sales, which rose in value by 10.4 per cent excluding VAT were apparently in line with the industry average, but the group had no defence against inflation

and the clothing slump. Clothing accounts for half mail order business, and Freemans is at the fashion end which has been the hardest hit.

Catalogues effectively freeze prices for up to nine months and Freemans suffered from racking costs and postage. Moreover, the catalogue came on to the market at a time when the High Street competition was ravaging prices.

Compounding the troubles, Freemans found borrowings getting back to normal after an abnormally tight interest charge

of £169,000 in the first half last year with higher stocks this time round, interest charges jumped to £1m, while tax also rose sharply from £1.55m to £2m thanks to a big fall in stock relief, and net profits more than halved to £3.05m.

For the full year pretax profits may be no more than £9m against £15.5m, and Freemans report that business is getting worse.

The shares fell 10p to 106p, a low for the year, but even so the yield is still not much more than 4 per cent. When fashion recovers Freemans' advanced techniques should pay off, but for the time being the shares are only for the patient.

Minet Holdings Under pressure

Hopes that this would be a year of consolidation for insurance brokers after the trying conditions of 1979 are proving a little premature. Recent half-year results from Willis Faber, Sedgwick and Alexander Heyden have been just about satisfactory, but all appear to be putting little faith in the second half with few signs of an end to the pressure on worldwide premium rates and sterling's strength cutting back whatever overseas growth there is and pushing up the expense ratio.

Minet, which yesterday announced a drop in pre-tax profits from £4.66m to £3.97m, is not altogether representative of other brokers given its higher overseas content, both from its own subsidiaries and the foreign content of its United Kingdom companies, and its specialisation in professional indemnity insurance in the United States where rates have been under exceptionally heavy pressure.

If Minet's overall performance was only a shade worse than most expectations, the make-up of those profits was more of a surprise.

Broking profits almost halved to £1.4m as expenses continued to rise—albeit at a lower pace than last year—and brokerage income eased back. The Lloyd's underwriting side has been unexpectedly strong with operating profits rising from £1.76m to £2.7m thanks to the good commissions in the 1977 account.

Meanwhile, the strength of sterling has lopped some £900,000 from the pretax figure while there is a further exceptional item of £299,000 arising from the start-up costs of the company underwriting management field.

Even so, with the group taking a noticeably less bullish line than earlier this year, most analysts reckon the group will do well to match last year's £8.5m.

Selling at almost 13 times this year's earnings and yielding 5.6 per cent after yesterday's 5p gain to 115p, the shares are clearly overvalued on trading grounds. But Minet's gearing to an upturn in broking conditions is above average while the United States Corroon & Black's 20 per cent stake adds speculative spice even though its recent poor results suggests that it does not have the muscle for a full takeover.

Tuesday, February 12, of this year will, it has become clear, go down as a crucial date in the history of the British securities market and of its systems of regulation. For, as all students of the Stock Exchange know, on that day stockbrokers Rowe and Pitman snapped up 16,300,000 shares in Consolidated Gold Fields on behalf of De Beers, giving the South African Anglo-American group control of just over 25 per cent of that major British company. The "dawn raid" was suddenly part of the day-to-day vocabulary of the City.

Quite apart from the nasty turn that the events of February gave to the directors of Consolidated Gold Fields, the episode proved to be a vital test of the system of non-statutory and self-regulation of securities dealing on the Stock Exchange. It was a test, to put it kindly, that was then fumbled.

For, despite a continuing series of further dawn raids in the following weeks and months, most of them expertly executed for clients by the same Rowe and Pitman, it was not until Friday of last week, October 3, that the Council for the Securities Industry confirmed its ruling that the temporary ban on all dawn raids as such should be continued. New, more permanent rules have even now still to be worked out.

Most of the fumbling was within the Council of the Stock Exchange. It was only after Mr John Nott, as Secretary of State for Trade, had made it clear that in his view the Stock Exchange Council was to use the current attitude being "vet" that a more robust attitude began to emerge.

He is reported to have been particularly ruled at the first report from the Stock Exchange, which was published

in July. No advocate in principle of statutory, or bureaucratic supervision, he is said to have made it clear to all and sundry that, if the supposed champions of self-regulation were in effect admitting in public that they could not keep their own houses in order, then with his responsibilities under the Companies Acts and the Prevention of Fraud (Investments) Act 1938 he might well be forced to take a direct hand himself.

The episode damaged the reputation not only of the Stock Exchange Council, but of the Council for the Securities Industry itself, as far as the authorities were concerned. The CSI, as the umbrella body responsible for non-statutory regulation of the securities market as a whole, should have acted as the "shotgun behind the door", ensuring by the implied threat of its existence that the Stock Exchange Council acted firmly and swiftly to renege non-statutory self-regulation was alive and well and up to the job.

In the corridors that flatter the conclusion has increasingly been drawn that the CSI is failing to grow in stature and authority in the field of securities regulation. Its running battle in 1979, in which it attempted to impose a code of conduct on the Issuing Houses Association and eventually agreed to a compromise that was in effect a substantial retreat, had undermined its position at an earlier stage.

When the Wilson Committee looked at the subject of regulation of financial markets it soon dismissed the idea that a full-blown British version of the American Securities and Exchange Commission would in any way be appropriate to our circumstances. It made one important contribution to the debate about how regulation of financial markets should be conducted.

Typically, in the past, that debate had been presented as being one between the pros and cons of self-regulation on the one hand and of statutory regulation on the other. The Wilson report argued that this was a false antithesis. In fact, in all financial markets, here or in the United States or elsewhere, there is a mixture of both kinds of regulation.

It is more helpful to think of the range of possible regulatory regimes as being a continuum from ones where statute plays the overwhelmingly dominant role to ones where non-statutory and/or self-regulation is most important. The question that matters if things are seen in this light is rather whether or not the balance between the two elements is right in a particular market at a particular time.

The Wilson report said things about self-regulation that might be applied to, say, the London Metal Exchange, without saying anything specific about such City markets. It noted that self-regulation seemed to have lost its way at Lloyd's and awaited the report from Lloyd's own committee under Sir Henry Fisher.

It said that the Takeover Panel had been a success: that the Council of the Stock Exchange was not as good, but was getting better. As for the CSI, beyond saying that it needed some new staff, if it was going to be effective and a wider range of membership if it was to command respect, the Wilson report in effect suspended judgment on the grounds that since it had been set up only in March, 1978, it was too early to reach a conclusion.

The more time passes, however, the more it seems a pity that the CSI was constituted exactly in its present form. For it feels increasingly like those

super-local government authorities which were introduced by Mr Peter Walker in his reform of local government—that is to say, the wrong kind of body at the wrong level, producing more duplication than new initiative.

It is not as if the securities industry was short of bodies interested in seeing that its regulatory side is working. There is the Stock Exchange Council for the market itself; the Takeover Panel; the Bank of England (because it is part of the City); the Department of Trade and Industry, since February 1977, something called the Joint Review Body, consisting of Bank and Department of Trade officials and operating privately.

On top of this came the CSI, set up with the authority of the Government, but responsible to no one in particular. The need is for some body which goes wider than this. It needs to be seen to be sensitive to the general public, it needs to embrace both streams of regulation—statutory and non-statutory—and to have as its prime function to see that the existing methods of regulation in all financial markets are in good order and to take steps to identify and remedy developing inadequacies and to recommend ways of dealing with them.

The way in which the existing CSI acts as a prod may serve a useful purpose for a Stock Exchange chairman, like Sir Nicholas Goodison, who would personally perhaps like to move faster than his council allows. But this is scarcely enough of a function.

However, institutions being what they are, it is unlikely that with the CSI being a purely advisory body, a reorganisation will take place for a while. It seems more probable that new men would first be tried in existing places than that the places would be changed.

Keeping watch on the watchdogs

Hugh Stephenson

Why the closed shop arguments are far from over

As the Conservative Party meets in Brighton
Brian Capstick examines an issue
which is likely to generate lively debate

The last few years have seen a marked increase in the proportion of Britain's workforce which is subject to compulsory trade union membership. Recently published figures show that closed shop arrangements affect at least one in four of the 22.2 million workers in Great Britain. This compares with one in six in 1964, an increase of almost 50 per cent in the past 15 years.

Side by side with this growth has been a mounting political controversy about the legitimacy of an arrangement which compels an individual, on pain of losing his livelihood, to join a union and perhaps acquiesce in policies which he finds repugnant. On August 15 this culminated in provisions of the Employment Act 1980 designed to give a claim for compensation to individuals dismissed for non-membership of the union where a closed shop operates. These provisions will shortly be reinforced by a code of practice of which a draft has already been circulated.

However, the Act has not put an end to the controversy which produced it. Even within the Conservative Party, it is criticised from the right because it does nothing to outlaw the closed shop, but merely tries to regulate it. On the other hand, the Act and the draft code of practice that goes with it have been condemned by some employers for threatening to undermine the stable bargaining arrangements which the closed shop has helped to bring about in a number of industries. Is there anyway that these conflicting interests can be reconciled?

From an employer's point of view, the closed shop has the advantage that it allows him to select the union(s) with which he wishes to do business and to shut out those unions which he does not want. This type of protectionism is carried to its extreme in the sort of arrangement found in retail distribution where at least one high street chain has a closed shop agreement with its own staff association, thereby effectively shutting out the TUC-affiliated unions.

In many large manufacturing

enterprises the same mechanism helps to prevent the proliferation of unions and its attendant problems of inter-union disputes, with the added advantage that the unions, secured of their membership, may be more willing to consider the long-term interests of the company at the expense of short-term opportunism.

It is a fair criticism of the draft code of practice that it makes no mention of these benefits for employers. The Act itself undermined them by allowing an employee to leave the union specified in the closed shop agreement on the grounds of conscientious objection to that particular union, while other legislation protects his right to join a rival union and to take part in its activities, provided that—where a closed shop exists—he does not do so on his employer's premises.

Thus the law not only permits, but to a limited extent protects, the very contingency which employers hope to avoid when they sign closed shop agreements, namely the incursion of new unions into their workforce.

In industrial relations terms the case against the closed shop is that it allows unions to coerce unwilling members into taking industrial action on pain of losing their union card and hence their job. The Act goes some way towards alleviating this by providing that industrial tribunals shall have jurisdiction to hear claims of unfair exclusion or expulsion from trade unions, with the power to order the union to take the excluded employee back into membership backed up by financial penalties if the union fails to comply with such an order.

It is not known how effective the existence of this remedy will be in the hurly-burly of an industrial dispute, but it is a most profound effect will be felt in the area of white collar unions. In relation to them, the draft code of practice stipulates that disciplinary action should not be taken by a union against a member for refusal to take part in industrial action undertaken by the union because the action would contravene the member's professional or other code of ethics. Similarly, provisions apply where the action sought involves a breach of statutory duty, which might profoundly affect employees in the public sector.

Besides these pragmatic considerations, the case against the closed shop is buttressed by political and moral arguments about the restrictions which it imposes on an individual's freedom. The argument most often heard in this context is that, as a corollary of the individual's right to belong to the trade union of his choice, he should have the implicit right not to belong to any trade union at all. This was argued, for example, in the now famous British Rail case which went to the European Commission of Human Rights under the name of Young and Others v The United Kingdom.

As it turned out the Commission decided that no such negative right exists under the European Convention. This was a crucial result because, had the decision gone the other way, those who helped the closed shop should have been unlawfully dismissed. There is, however, still a chance that the European Court will come to a different conclusion and give the anti-closed shop lobby the decision it wants.

Whatever the outcome of the European litigation, it is interesting to speculate upon the likely effect of the 1980 Act upon the growth of the closed shop in Britain. There is little doubt that its extension by means of formally negotiated agreements between unions and management will be virtually stopped in its tracks by the requirement for a vote in favour of 80 per cent of those entitled to vote.

This will be a formidable target to achieve, especially in the public and white collar sectors, where in the past new closed shops have predominantly been introduced by formal negotiations between employers and unions. As a result, further penetration of the closed shop in these areas is unlikely.

Moreover, it is in the same sector that the social pressures to adhere to the closed shop are weakest, where personal convictions against trade unions are apt to be strong and where

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Moreover, it is in the same sector that the social pressures to adhere to the closed shop are weakest, where personal convictions against trade unions are apt to be strong and where

employers are most vulnerable to heated arguments about union membership. If, therefore, for all the results in any large-scale analysis from the closed shop under the "conscientious objection" provision, it is likely to be in the white collar sector, at present 22 per cent of the overall closed shop population.

By contrast, social and industrial pressures in established closed shops in the blue collar areas are likely to prove strong enough to deter all but the most determined, and perhaps foolhardy, employees from walking out of the door which the Act has unlocked. Likewise, new manual closed shops may not be greatly affected by the Act because they are likely to come into being, as in the past, by "understandings" rather than by formal arrangements and so be unaffected by any pressure for a ballot.

The relative security of manual closed shops in such key industries as the docks, mining, gas, water, electricity and transport is likely to come as a disappointment to the Cabinet "hawks" in view of the great vulnerability of these sectors to industrial action and the claim which is sometimes made that the closed shop is used as a weapon to compel moderate unionists to take part in it.

For this reason, some employers and unionists believe that those enterprises which depend upon government funds may be subjected to pressure to comply with the spirit of the Act as well as its letter. Whatever happens, it is unlikely that the Act as it stands will be the last word on this peculiarly British institution.

The author is a solicitor and industrial relations consultant.

Business Diary: Mid-west's British pioneers

St Louis, Missouri

There is an admirable directness to the American mind. A fine example is a recent dispute at St Louis airport, cutting a swathe through the rare subtleties of the nuclear debate.

A man, gathering support for the pro-nuclear lobby, stands behind a large placard which reads: "Feed Jane Fonda to a Whale."

Now you may think that such a remark displays a singular ignorance of the energy question (not to say the dietary habits of whales, which have any particular preference for Californian actresses-cum-radicals).

But this, first and foremost, is pioneer country where words are rarely minced and it is, in any case, the thought that counts. St Louis was the gateway to the colonisation of the West.

Indeed, in any case anyone in danger of forgetting it, there is the 630-foot hollow arch commemorating the fact, dominating the city's riverfront by the Mississippi.

The men dress more conservatively but all answer ultimately to a former Fleet Air Arm pilot called Adam Thomson.

"The British Are Coming" is the catchphrase of St Louis at the moment and it gives some measure of the speed with which the travel business is growing that indeed they are.

When I was last in America in June, an aviation official had remarked, rather cuttingly, that the way for a mayor to get re-elected was to persuade a British airline to start a direct route to the local airport. And it is true that St Louis International Airport's only international flight at present is operated by British Caledonian from Gatwick.

It started earlier this year, operating four times a week with the Boeing 707, and airport director Colonel Lovel R. Griggs, a formidable character with a wax-tipped moustache and a sign reading "Support Your Armed Forces" behind his desk, readily admits that he did not expect the market in develop-in-the-way-it-has done.

"We're somewhat sorry that the American recession is affecting traffic," The whole American market has been affected by re-regulation. We took what was once the world's greatest air service and threw it open to insanity."

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Interim Dividend announcement and statement for the half year ended 30th June 1980.

New Business and Premium Income for the Half Year (estimated and unaudited)

	1st Half 1980	1st Half 1979	Increase 1980 over 1979	Full Year 1979
New initial commissions	£12.7m	£10.1m	26%	£21.7m
New annual premiums	£25.6m	£21m	22%	£44.2m
New single premiums	£30.9m	£38.7m	(20%)	£75m
New sums assured	£1,018m	£666m	53%	£1,508m
Premium income received in the period on annual policies	£81m	£65m	25%	£133m
Total premium income received including single premiums	£111m	£104m	8%	£208m
Total assets at end of period	£980m	£816m	20%	£865m

Business Trends

As shown in the Table (which was released on 16th July 1980), new initial commissions during the half year were 26% ahead of those during the corresponding period of 1979. While pension business, in line with industry experience, remained fairly static during the half year, and single premium business fell, this was more than counter-balanced by the increase in the Whole Life Plan and other plans emphasising protection, reflected in the 53% growth of new sums assured.

Hambro Life

Britain's largest unit-linked insurance company.
Hambro Life Assurance Ltd., 7 Old Park Lane, London W1Y 3JL.

This trend of business has continued since 30th June.

Interim Dividend

As forecast in the Chairman's Statement earlier this year, the Company has declared an interim dividend of 3p per share, net of tax credit (1979, 1.5p per share), reducing the disparity between the interim and final dividends.

This dividend will be paid on the 26th November 1980 to all shareholders on the register at the close of business on the 29th October 1980.



David Hewson

FINANCIAL NEWS

Stock markets

Gilts firm ahead of banking figures

The market resumed the second week of the account with an air of confidence yesterday as dealers eagerly awaited today's banking figures.

Gilts were the main feature of the day with the Government Bond market showing a strong upward movement. The 10-year gilt rose 12 p.p. to 155.1. This set the scene for some active buying to give Government securities their best session in over a week. Jobbers refused to be drawn on the question of a cut in M.R. some time later in the week, following today's banking figures, but most remained confident in the short term.

In long, prices opened on a firm footing with gains of up to 1 p.p. recorded and most closing at their highest levels.

Meanwhile, at the short end of the market, the rises were restricted to between 1/2 and 1 p.p.

The firmness in gilts soon led the way for a rally in the equity market with selective buying in several sectors with particular strength in a particularly strong feature.

In addition, the market was given a further boost by the Wholesale Price Index which was in line with most expectations and showing signs of a "downward slide".

As a result of the FT Index, which had opened the day 0.7 down, rallied to close at its high for the day, 5.1 up at 434.4.

Loading industrials unfortunately spent a fairly neglected session. The main gain was in the 10-year gilt, which rose 12 p.p. to 155.1, but also, reporting next week, developed a touch of nerves and slipped 2 p.p. to 240.

Elsewhere, the picture was fairly mixed with ICI ending unchanged at 240 while Unilever added 2 p.p. to 490.

At 6.00, BATA's 2p to 278p and Dieline 1p to 209p. The Bank Organisation continues.

to make ground following a recent bullish circular from brokers Carr-Saunders, rising another 6p to 172p.

Selective buying in electricals saw most of the majors up on the day although business trailed off in the afternoon and most prices closed below their best. Nevertheless, GEC finished 10p better at 520p.

Shares of Sovereign Oil rose 22p to 390p, yesterday overlooking last Friday's drilling report from Marathon Oil of its Brae Field interest.

Marathon revealed that both test bores in which Sovereign has a stake both turned out dry despite drilling to a depth of over 13,000 ft.

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earlier rise to close unchanged at 66p.

GUS "A" rose 4p to 454p after comment with Debenhams rising by a similar amount to 84p and even Harris Queensway, reporting soon, added 12p to 155p.

Among other companies reporting better-than-expected figures, Campan International put on 5p to 53p.

Industrial 7p to 44p and Silken Lubricants 7p to 178p. But Hambro Life slipped 2p to 316p.

Insurance broker, Misset Holdings jumped 5p to 111p following interim figures in line with most expectations, while, in turn, hoisted Sedwick Forbes 3p to 129p and Alexander Howden 1p to 104p.

On the bid front, Gough Cooper returned from suspension, following the counter bid from Allied London Properties, rising 15p to 142p, after 146p.

The story was similar in stores, where early selective buying gave way to profit-taking following the disappointing figures from Freemans (London SW9) which fell 10p to 106p.

This led to a fall in Empire Stores, reporting to-morrow, of 4p to 140p, while Grattan Warehouses lost its

9p to 87p at 230p and London United Investments 10p to 131p.

Favourable weekend comment provided gains of 10p to 803p in Barnett & Hallowell, 5p to 51p in First Castle, 2p to 35p in Telestar, 3p to 26p in BSA, 6p to 79p in Carnell Dresses and 6p to 123p in Polly Peck.

Shares of Jobbers Alford & Smithers were on the move, again climbing 10p to 373p as the market looked forward to a bumper set of full year figures next week.

Shares of the oil and gold share boom.

Oils, themselves were in a quieter frame of mind yesterday, although selective buying still saw some further encouraging plus signs.

Among the majors, BP jumped 10p to 416p still helped by further United States buying and the recent bid for Shell in Alaska.

Shares of Shell remained scarce as switching from Royal Dutch into the former remained the pattern. In the event, Shell closed 4p up at 422p.

Properties excited by the prospect of cheaper money picked up with MEPC rising 2p to 238p, Land Secs, 5p to 385p, Stock Conversion 3p to 326p and

Sandwell Properties "A" 5p to 145p.

Gold shares held by the bullion price up 515 at \$678.50, came back to life, particularly among the heaviest. Anglo Am Gold put on 21p to 1561, W. Driessels £1 m £481, St

Shares in Chloride Group, last week, 1p above the year's low of 39p. Dealers are talking of a large seller in the market which has left the share price depressed.

However, if the market continues to improve this week most reckon Chloride will be dragged up with it.

Helena £1 to 223p and Randfontein £13 to 244. At the cheaper end, Middle Wits jumped 10p to 645p.

W. Rand Coss, 6p to 341p and Doornfontein £1 to 211p while among mining financials, Cons Gold mined 27p to 665p, and R4 10p to 453p.

Equity turnover for October 3 was £133.033m (number of bargains, 16,214). The most active stocks according to Exchange Telegraph were BP, BTR New, Plessey, Shell, GEC, RTZ, Dowry, European Ferries, P & O, BAT Industries, BICC, Canals, Johnson Matthey and Marks and Spencer.

Traded options: Dealing was at a substantial level with many investors going for the "ever-buoyant" oil stocks, including BP and Shell. Other oil favourites like Lloyds and Cons Gold Fields also came in for attention. A total of 1,998 lot options were traded.

In traditional options, new option dates were announced giving two weeks. Calls were produced in First National Finance at 4p, as well as in 100,000 shares in Town and City at 24p. A put was arranged for 20p in the same stock.

Completed in Courtlands at 81p, and Shell at 43p.

Proposed quorum for veto of Lloyd's council reduced

By Philip Robinson

Lloyd's of London, the world's largest insurance market, has reduced the number of people needed to convene a special meeting that could overturn decisions made by the governing council, proposed under the Sir Henry Fisher report.

In the draft Bill containing amendments of the Fisher Committee recommendations, the power of veto can now be called by 500 members. In the first draft from Lloyd's current ruling council, it was proposed that 925 or 5 per cent of the present 18,500 members, would be needed to convene a meeting to veto the veto.

However, the support of at least one third of the total membership. The veto proposals were originally unveiled by Lloyd's Committee last month after two months of consultation. It was sought by both the Brokers' Association and the Underwriting Agents' Association.

The figure of 500 is now being included in the Bill after further consultations between the committee and the various market



Mr Peter Green, chairman of Lloyd's.

associations during which the committee recognized that a figure of more than 500 would be impractical if the membership of Lloyd's grew.

The proposal is one of a number included in the draft Bill, which goes before Lloyd's members at a full council meeting on November 4. The Bill is to be the next parliament, it must be passed by November 27. This appears to have under some pressure that it cannot be passed on November 27.

Decided not to act to the inhibition that the meeting's rules, which are a far from ideal, will be a disciplinary cor on appeal tribunal in detail their resp

Wharnccliffe which before a Private presented to Parlia first be approved by earned with a ma least 75 per cent.

Lloyd's says that indications from a c one in August of 12,869 replies, 12 the bill end 232 we

A further 170 are "don't know". A 4,850 members h said they will atten Hall meeting.

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Chairman sees 'breathing space'

As the Lloyd's draft bill based on the Fisher recommendations was being unveiled in London yesterday, Mr Peter Green, chairman of Lloyd's, addressed an American Association of Underwriters' Agents' Association.

Speaking at West White Sulphur Springs, West Virginia, Mr Green told his audience of American insurance leaders that this did not arise from the Lloyd's ruling of 20 years ago, which states that no more than 20 per cent of Lloyd's insurance interest may own more than 20 per cent of the Lloyd's broker. At the time,

any part of the United States market—or any other market. With "insurance markets" generally feeling the storm and blow for at least four or five years according to IMF forecasts, Mr Green said that Lloyd's would use the period as a breathing space.

Referring to the New York Insurance Exchange, he said that this did not arise from the Lloyd's ruling of 20 years ago, which states that no more than 20 per cent of Lloyd's insurance interest may own more than 20 per cent of the Lloyd's broker. At the time,

this was interpreted American, but in f mitee was only try a degree of control. Once the Fisher recommendations were implemented, this rule abolished, this rule would be welcome both abroad.

The rule did not New York Insuranc as was popularly had been on the ca time, he added.

Massey to hold special meeting

Massey-Ferguson is to hold special meetings for all classes of shareholders on November 13 to approve the continuance of the company under the Canadian law. The record date for the meetings is October 16.

The board at Massey says that holders will also be asked to approve certain amendments to the company's charter, and to confirm a new general by-law to conform with the Act.

The company also said that if before the mailing of notice of these meetings it becomes apparent that any aspect of the company's financing plans requires approval by shareholders such matters may be added to the agenda.

Asked whether the decision by Argus Corporation last week to dispose of its 16.4 per cent interest in Massey had to withdraw its several directors from the Massey board, will have any effect on the proposed meetings, a company spokesman said that the meetings will still be held, and it is not likely that the question of board representation will be on the agenda.

Consolidated Murdock has cut its milling rate by 33 per cent and will omit its 1980 final dividend due to worldwide economic recession. Board said dividends in 1981 will depend on any recovery from the recession which has caused a substantial fall in demand for its products.

MAIRLEY reports following sales by directors: Mr P. A. Aisher 84,939. Mr R. A. Aisher 84,939 shares—both from non-beneficial interests. Mr O. A. Aisher 7,158 shares (beneficial).

Chambers and Fergus: Mr O. Fergus has disposed of his entire holding of 190,000 shares which represent 5.2 per cent.

British Vita Co: 94.6 per cent of the 52.5m shares offered by way of rights has been taken up. Tebbitt Group: London Trust has recently sold 100,000 ordinary shares reducing its holding to 5.1 per cent.

Galfrid Brindley has acquired a Franklin and Sons, building contractors of 27 Sheepcote St Birmingham for an initial payment of £350,000 cash paid on completion.

Pattishall Group: ICFC has reduced its holding by the sale of 250,000 ordinary on September 26, holding is now 1.34m (11.1 per cent).

Kidwellsen, Benson, Lonsdale reports following dealings by directors: Mr J. A. Caldecott, disposed of 2,500 shares; Mr L. M. D. D. disposed of 20,000 shares (as trustee) and 6,200 shares (beneficial interest); Mr K. D. Kleinwort, acquired 143,641 shares; Mr L. M. Robertson, disposed of 15,000 shares.

Mawley Leisure offers for shares of Progressive Securities have been accepted as to accept all shares. Acceptances of offers have

Briefly

been received in respect of 2.1m new ord which amounts to 95.05 per cent of progressive. Acceptances have been received in respect of some numbers of deferred.

Stafex International: Shares of 23p each listed cancelled of fully paid 63 per cent convertible unsecured loan stock 2000/02, fully paid 73 unsecured loan stock 2000/05. Fully paid the company was placed in creditors voluntary liquidation in December 1978.

S. Hoffmann and Co: Listing of 4.55 per cent cum pref stock fully paid cancelled. The market capitalisation and shareholding position is such that an adequate market in the security cannot be maintained. Over 99.21 per cent owned by Burex Philip (Netherlands) by application to make specific bargains under rule 163 (2) may be submitted.

Amplification of the preliminary final announcement of companies results board says extraordinary debt of £138,000 represents the write-down of 60 per cent of the capital of the former subsidiary Gold and Base Metal Mines (Nigeria) the value which has been decided upon by Nigerian authorities and the costs of disposal of 60 per cent shareholding to Nigerian investors.

Ward White Group: Turnover for half year to June 30 £63.25m (1979 £52.22m). Profit £12.99m (1979 £12.99m). Mr G. McWaters, chairman, states that United Kingdom business was affected by lower activity and higher interest charges.

Slight increase at Bilton

By Our Financial Staff

The London-based industrial property development and investment group, Percy Bilton, managed to better last year's half-year results with pretax profits rising from £2.7m to £2.8m for the same period last year.

In the six months to June, the group saw a drop in turnover to £13.7m compared with £14m for the six months last year. This is explained by the fall in large orders and fiercer competition in the building sector, which is likely to have greater effect in the second half of the year.

An interim gross dividend maintained at 3.5p, has been recommended. Mr Percy Bilton, chairman and founder of the group, points out that despite the recession in industry, the group managed to exceed last year's figures, but that results could have been better. Late payments by many employers are still to be finalised and it is hoped these will be resolved in the second half of the year, said Mr Bilton.

The private development sector continues to provide substantial profits, and the group has currently some 380,000 square feet of industrial buildings under construction. These sites are in the South East and Midlands, and a number are already pre-let.

Lotus Cars being sued in US

By Philip Robinson

Mr Colin Chapman, chairman of Group Lotus Car Companies, which went public in 1968, reveals in his annual report that his subsidiary company Lotus Cars Ltd is defendant of various actions in respect of accidents in the United States involving Lotus Cars which are not fully covered by insurance.

He says that Lotus Cars will dispute liability and the directors have little doubt that these claims are excessive, but insufficient evidence is available for them to form a precise view of the amount involved.

The accounts show that Lotus's own interest charge on bank overdrafts and short-term loans rose from £13,000 to £14,000, and on long-term loans by 20 per cent to £24,000. Together with a £44,000 provision for deferred tax and an extraordinary item relating to

the re-organization of its American distribution interests, the 80 per cent advance in pretax profit to a record £1.28m, comes down to a 1 per cent advance below the line from £342,000 to £356,000. The group

passed the dividend, which last year was 1p gross.

The results were made public nine months into the current year and were accompanied by a gloomy forecast for 1980 from Mr Fred Bushell, the managing director, who said that in the face of appalling market conditions, it will be hard for the group to make anything like £1.3m this year.

The group's share price is within a whisker of its year's low at 19p. At one stage this year it was 37p and touched 53p last year.

The year the group is pinning its hopes on re-designed engines for the Elita and Elan and a new turbo-variant of the Esprit.

The re-organization of the U.S. distribution network, and close down of the American subsidiary in the same year in which it was formed, cost the group £440,000.

Hambro Life into is double

By Our Financial Staff

Figures from Assurance reveal commissions, the of the business, rose from £10.1m the six months to June 1980 to £20.1m.

But new policies were down by 20 £30.9m, although premiums increased to £25.6m.

The interim 4p has been doubled to 8p, reducing the interim and final forecast in 1980 to £1.4p and £1.6p respectively.

The figures show business remained in the first half of the year. The industry's single premium because of the high fixed interest was more than covered by the increase in Life Plan and other commission-related reflected in the growth to £10.18m assured.

Total premium including single premium, fell 10 per cent to £1.4p, while the period annual increase of 20 per cent. The single premium which is traditional is expected to increase in the second half.

Mail Order freemans

INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE 28 WEEKS ENDED 9TH AUGUST 1980

(subject to the year-end audit)

	28 weeks ended 9th August 1980	28 weeks ended 11th August 1979	52 weeks ended 26th January 1980
Turnover	132,503	114,671	231,248
VAT	15,633	8,551	27,791
	116,876	105,820	208,457
Trading Profit	6,149	7,972	16,228
Interest Payable	1,065	169	707
Profit before Taxation	5,084	7,803	15,521
Taxation (see Note)	2,034	1,553	3,090
Profit after Taxation	3,050	6,250	12,431
Dividends	1,789	1,045	2,439

Notes:

The taxation charge for the 28 weeks ended 9th August 1980 has been based on the estimated effective 40% rate for the full year. The charge for the comparable period last year has been adjusted to the effective 20% rate of taxation of that year.

Dividend: The interim dividend is 1.7p per share (1979 1.5p), and will be paid on the 5th December 1980 to shareholders on the register on the 10th November 1980.

Comment: Sales, exclusive of the much greater VAT element, were 10.4% more than the comparable 28 weeks of 1979. Demand for men's and women's outerwear continued to be disappointing.

The increase in sales was insufficient to compensate for rising costs and this resulted in a drop of some £1.8m at trading profit level.

The position since the half-year, has worsened as the recession has deepened. Demand in August was below the comparable weeks of 1979. Although September showed some up-turn and was above last year, it is unlikely that sales in the last 28 weeks of this 52-week year will equal those of the first 28 weeks reported above. Profits consequently are likely to be slightly less than the 15m profit before tax of the first half.

If these present difficulties are to continue over the next year or so, as many forecasters are now predicting, the company is well equipped to weather them. When conditions change the company intends to be able to act quickly and to this end is continuing its investments in the warehouse extension and systems improvements.

6th October 1980

Copies of the Annual Report and Accounts, when published, will be available from the Company Secretary (01-735 7844).

Freemans (London SW9) Ltd, 139 Clapham Road London SW9 0HR

ANTHONY RAMPTON

Chairman

Trans Natal rights issue

Trans Natal Coal Corporation is to raise 79.9m rand through a rights offer of preference shares to fund major development projects.

The basis of the offer is 15 convertible preference shares of 50 cents each, paying a 75 cents annual dividend, at a price of 1,000 cents a share for every 100 ordinary shares held.

The shares will be offered to shareholders on the basis of one preference share for one ordinary share. The offer is to shareholders on the register of the company on 30 September 1980.

The board at Trans Natal

New drilling at Australian mine

Australian Consolidated Minerals has started an extensive drilling programme at the Old Big Bell goldmine, in Western Australia. This follows its recent exploration programme which has revealed a re-assessment of previous drilling data.

The directors say in the annual report: "There is an excellent potential for the occurrence of tonnage and grade—the old mine produced 5,63m tons averaging 4.04 grammes a ton—comparable with past production."

The company is presently engaged in major development projects requiring capital expenditure of about 350m rand, which is likely to be spread over the next five years at a rate of between 60 and 80m rand a year, it said.

Swire Pacific

Property becomes a key factor

Swire Pacific is looking to its property interests to maintain profits in the current year, Mr John Brembridge, the chairman told Reuters in an interview.

Last month the company announced a 50.90 per cent drop in first-half net profit to Hong Kong \$37.20m. But Mr Brembridge said in his interim statement that he expects profits for the full year to be appreciably better than those for 1979. Also, final dividends will be more than double the interim payments of 17 cents per "A" share, and 3.4 cents per "B" share.

In 1979, Swire Pacific, whose principal shareholder John Swire and Sons of the United Kingdom, made a profit of \$325.7m and paid a total dividend of 51 cents per "A" share and 10.2c per "B" share.

This year, analysts had been forecasting poor results at the half-way stage, but were still surprised at the latest fall in net profit, and said they regarded Mr Brembridge's statement as extremely bullish in the circumstances.

One serious problem within the group has been the performance of Cathay Pacific Airways, which made a loss in the first half which Mr Brembridge refused to quantify.

Swire Pacific, which has a 50 per cent holding in Cathay, the Hongkong and Shanghai Banking Corp having 25 per cent, and British Airways the remaining 15 per cent. Mr Brembridge said "basically we are being pegged back by low Cathay profits, which are having to be made up by other divisions, particularly property."

The key to the Swire Pacific outcome thus became Swire Properties, in which Swire Pacific has a 58 per cent stake.

At the half-way stage, Swire Properties an-

nounced an attributable profit of \$125.90m, a rise of 35.5 per cent compared with last year. In his interim statement Mr Brembridge said that of the final \$360m profit which Swire Pacific will make in 1980, \$125.90m will be Swire Pacific's share.

However, Mr Brembridge said that the profit may be higher with the completion of an additional Swire Properties development in the second half at least four blocks in the Tai Kwai Shing project, a residential development on Hong Kong Island, will be completed, "with the possibility of a fifth."

Thus, the way the profits from the sale of the fifth tower are treated will become crucial, especially the date on which they are taken into the Swire Properties profit and loss account and thus become attributable to Swire Pacific.

When asked about the treatment of the fifth tower, Mr Brembridge said: "It is a possibility that the profit will be brought forward to December from January." He said that Cathay will make a profit in the year overall, which means taking in the company's holdings in Swire Air Caterers, Securair and Peninsula Overseas Management.

Also, Cathay this year sold one Lockheed TriStar at a profit, which Mr Brembridge said was "quite handsome at about \$60m."

Mr Brembridge said that at present 30 per cent of Cathay's earnings are in yen, so if the current yen strength and Hongkong dollar weakness continue, the company will have an operating profit. However, competition on the Hongkong to Tokyo route is fierce.

HAWTIN LIMITED

INTERIM STATEMENT

Unaudited results for the six months ended 31st July

FINANCIAL NEWS

Veto Campari slips below £1m
lured for year, but payout lifted

By Michael Clark

Increased borrowings and the recession have dented profits of Campari International, the company's share price has fallen below £1m, but a large dividend has helped to lift the share price.

Full-year figures for May 31 show a trading profit virtually unchanged at £238m on turnover up from £18m to £202m. But a pre-tax profit has dropped from £15m to £952,000 after increased interest charges of £14m against £908,000.

The increase in the gross profit margin from 27.7 to 30.1, reflecting a total of 57p, helped to push the share price higher to 53p yesterday, after an initial fall of 4p.

Looking at the highest level of borrowings, which rose from £15m to £25m, the company's debt has increased by 110 per cent of share.

Mr. Henry Lipton, chairman of Campari International, said: "The company's share price has fallen below £1m, but a large dividend has helped to lift the share price."

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Pickles dismisses reports of Ray bid

By Margaret Pagano

William Pickles of Manchester, the loss-making textile manufacturer, says that the reports of an expected bid from the Swiss-based Ray Trading Inc are pure speculation.

Ray Trading, which has connections with the Lebanese trading family of Lababidi, increased its stake to 22.9 per cent of the Pickles voting share last month. Indications were that the company was to meet the Pickles board for talks.

A spokesman for the Pickles group said yesterday that they were encouraged by the interest shown by Ray Trading but described bid rumours as "pure speculation."

In the six months to June, Pickles showed a loss of £432,000 compared with a profit of £238,000 for the first half of last year. Turnover remains little changed at £12.7m against £12.9m. Last year the group made pre-tax losses of £102,000 on turnover of £12.2m. An interim dividend has been passed compared with a gross interim of 0.28p for the period last year.

The group, which manufactures clothing, household textiles and sports equipment, found itself at the beginning of the year with a high level of stocks and bank loans. To avoid dumping goods at low prices, the group raised its borrowings on condition that a "fixed and floating" charge was made on the company's stocks. Stocks are believed to be under control and current borrowings stand at £4.5m.

Reorganization was carried out at several branches which resulted in the closure last year of 700 jobs. Mr. Pickles said: "We are now in a position to reorganize plans have been made at Uxbridge Sportsware."

These costs are included in the extraordinary item of £271,000 which brings the attributable loss at the halfway stage to £705,000. The loss is compared with 0.48p per share last year.

Mr. Denis Greenleaf, the chairman, who resides on health grounds, said that the group is "adapting itself to changing conditions." He is confident that the group will be back in profitability by 1981.

Mr. Roger Fielding, a director, has been appointed group chief executive.

Mr. Greenleaf will remain a non-executive director and a new chairman is to be appointed shortly.

Mr. Mark Cornwall-Jones has been named as a non-executive director of Pickles Services Group.

Mr. G. C. Guller succeeds Mr. R. T. Byford as director of the British Rubber Manufacturers' Association and the Tyre Manufacturers' Conference on October 3. Mr. Byford is retiring.

Mr. Philip Ashcroft, former legal adviser to the Department of Energy, has been appointed deputy to the solicitor of the Post Office.

Mrs. S. N. Wansborough has been made director of the British Institute of Industrial Therapy.

Mr. Roy Boulton and Mr. John Moore have been appointed directors of Barton & Sons. Mr. Moore will continue as managing director of the group's subsidiary Barton Systems and Mr. Boulton remains chairman of High Pressure Forgings. He also becomes chairman of the other members of the group's subsidiaries, Barton Systems and P. R. A. Co. (Commercial Vehicle Accessories).

Mr. Cameron Wainwright has been appointed a non-executive director of Illingworth, Morris and Co.

Mr. B. Simpson has become chairman of the Health and Safety Commission.

Mr. P. R. Fyson becomes managing director of Compair Interiors. Mr. Fyson has been appointed as group director of materials management.

Air Call dips as courier side disappoints

Although turnover of Air Call rose from £4.5m to £5.5m over the six months to June 30, pre-tax profits eased from £239,000 to £210,000. There was again a tax charge, while earnings a share slipped from 6.2p to 5.44p. The interim dividend the first since the group's flotation in 1979, was 0.52p.

Trading at this telephone answering and paging service group has been mostly satisfactory, but the courier operations were "disappointing," the board says.

During the half year, the company invested £1.7m in its capital expenditure programme. This resulted in significantly higher interest charges in the period before the flotation.

US group buys Economic Models

Economic Models, with headquarters in London and one of Europe's leading economic information companies, has been purchased by McGraw-Hill.

McGraw-Hill, the United States-based information and communication corporation, has purchased Economic Models from the London-based company of El Segundo, California, for an undisclosed cash sum.

Economic Models will be merged into Data Resources, one of America's economic forecasting and consulting groups.

Mr. Murray Hofmeyr, president of Zambia Copper Investments, says the medium-term outlook for copper remains uncertain.

In the company's annual report he writes that the outlook depends on the extent and intensity of the world economic slowdown and the growth of the productive capacity in the United States and elsewhere.

Mr. Hofmeyr added that he hoped for a rough balance of supply and demand but the risk of oversupply could not be ignored. The possibility of a consequent decline in prices should not be underestimated.

Mr. Hofmeyr said that ZCI's prosperity and dividend paying ability depended on the continued profitability of the Zambian copper mining industry.

Thomson-Brandt purchase

The Echinox - Uguine Kuhlmann (PUK) metals and chemicals group, said yesterday in Paris that it intends to sell the bare copper and aluminium wiremaking activities of its subsidiary, Trefimetaux, to the Thomson-Brandt electrical group.

No financial details of the deal were disclosed.

Last year, Trefimetaux sold its insulated cable activities to the Birelli Group of France for 200m francs.

PUK considered that with only 3.6 per cent of the European market for wire and cables, Trefimetaux was no longer competitive in this field.

Thomson-Brandt yesterday reported pre-tax profits of 88.4m francs (£8.8m) for the first half of 1980, up from 77.1m francs in the first half of 1979.

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Bank Base Rates

ABN - Bank	16%
Barclays	16%
BCCI	16%
Consolidated Credit	16%
C. Hoare & Co.	16%
Lloyds Bank	16%
Midland Bank	16%
Nat Westminster	16%
Royal Bank	16%
Royal Bank of Scotland	16%
TSB	16%
Williams & Glyn's	16%

* All deposit rates on savings accounts are subject to the Bank of England's base rate.

British Syphons sees fall in second half

By Rosemary Unsworth

British Syphon Industries has produced better than expected results in the first half. But they are accompanied by the warning that the recession has started to bite at this industrial manufacturing group and second-half figures will be sharply reduced.

Pre-tax profits rose by 50 per cent from £535,000 to £802,000, while turnover increased by 32 per cent from £12.6m to £16.6m in the six months to June 30, 1980. Much of the sales improvement was from volume gains. The group will probably make price increases in the second half.

Mr. James Baggley, the chairman, said: "The group's performance has been good, but we are aware of the recession's impact on the market. We expect a sharp fall in second-half figures."

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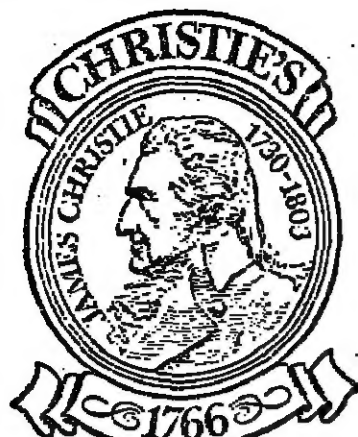
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01-236 7851

ACCOUNT DAYS: Dealings Began, Sept. 29. Dealings End, Oct. 10. ⁵ Contango Day, Oct. 13. Settlement Day, Oct. 20

§ Forward bargains are permitted on two previous days

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BIRTHS

On October 4, to Elizabeth and Michael, a son, born at St. Mary's Hospital, London. Weighing 7lb 10oz. Parents: Mr. and Mrs. John Smith.

On October 5, to David and Susan, a daughter, born at St. Mary's Hospital, London. Weighing 7lb 10oz. Parents: Mr. and Mrs. John Smith.

On October 6, to Jane and Robert, a son, born at St. Mary's Hospital, London. Weighing 7lb 10oz. Parents: Mr. and Mrs. John Smith.

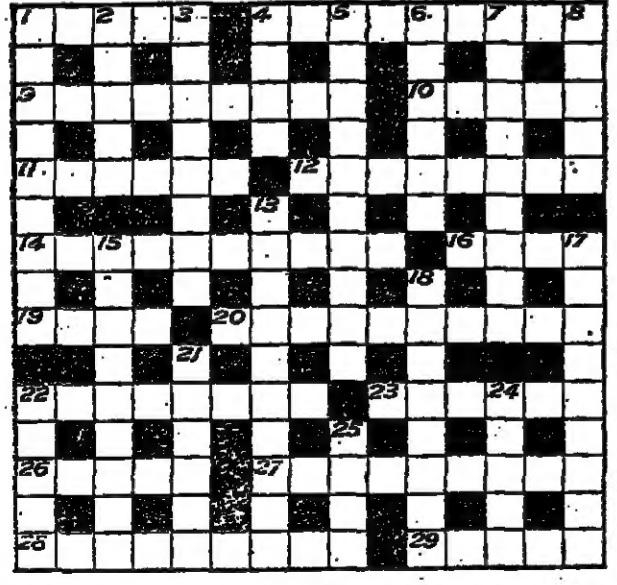
DEATHS

On October 4, at St. Mary's Hospital, London, after a long illness, Mrs. Jane Smith, aged 78. She was the wife of Mr. John Smith. Buried at St. Mary's Church, London.

On October 5, at St. Mary's Hospital, London, after a long illness, Mr. John Smith, aged 78. He was the husband of Mrs. Jane Smith. Buried at St. Mary's Church, London.

THE TIMES Crossword Puzzle No 15,341

This puzzle, used at the National Final of the City & Times National Crossword Championship, was solved within 30 minutes by 15 of the 19 finalists.



ACROSS
1. Humphrey's address look to us appears phony (3).
2. It is said to be brought from a barman? (3).
3. Pope, one of the greats (9).
4. What the new ambassador to Lichtenburg would be called (5).
5. Exotic wear for doctor in family circle (6).
6. The height of the French Revolution (8).
7. Sebastian Milmoth - genius, it was declared (5, 5).
8. An attempt to link one exchange percentage (4).
9. HM, hating for Ireland (4).
10. Entertainment for children, hand includes drinks (5, 5).
11. When abroad, Ray's awkward dilemma (8).
12. From familiar to expert market-gardener (6).
13. One of nine in Rome was love (5).
14. So formidable was Thesus's bride (9).
15. Medicine for poor curate in cathedral city (9).
16. Keen-eyed supporter of Holy Writ (5).

DOWN
1. Star collapsed in punishment cell (5, 4).
2. Light Merlin followed (5).
3. Was runner-up in nasty war in these courts (8).
4. Curlew's study would (4).
5. Arrive in advance to order in rare food (10).

PERSONAL COLUMNS

ALSO ON PAGE 23

HOLIDAYS AND VILLAS

JET TO PARIS AND-AMSTERDAM
Fly to Paris and Amsterdam by Jet to Paris and Amsterdam. Fly to Paris and Amsterdam by Jet to Paris and Amsterdam. Fly to Paris and Amsterdam by Jet to Paris and Amsterdam.

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FINE French Food

Five French Foods from France. Five French Foods from France. Five French Foods from France.

YACHTS AND BOATS

YACHTS AND BOATS

Yachts and boats for sale. Yachts and boats for sale. Yachts and boats for sale.

UK HOLIDAYS

UK HOLIDAYS

UK holidays for sale. UK holidays for sale. UK holidays for sale.

SHORT LETS

SHORT LETS

Short lets for sale. Short lets for sale. Short lets for sale.

HOLIDAYS AND VILLAS

HOLIDAYS AND VILLAS

Holidays and villas for sale. Holidays and villas for sale. Holidays and villas for sale.

ANNOUNCEMENTS

ANNOUNCEMENTS

Announcements for sale. Announcements for sale. Announcements for sale.

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WEST SUSSEX

West Sussex property for sale. West Sussex property for sale. West Sussex property for sale.

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